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SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 8-K

Current Report Pursuant to Section 13 or 15(d) OF

THE SECURITIES EXCHANGE ACT OF 1934

Date of Report	Commission file number
January 5, 2001	1-6686

THE INTERPUBLIC GROUP OF COMPANIES, INC.
(Exact name of registrant as specified in its charter)

Delaware	13-1024020
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
1271 Avenue of the Americas, New York, New York	10020
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code: (212) 399-8000

Item 5. OTHER EVENTS

In November 2000, the Interpublic Group of Companies, Inc. (the "Company") acquired Deutsch, Inc. and its affiliate companies ("Deutsch") in a transaction accounted for as a pooling of interests. This report on Form 8-K includes the Company's supplemental consolidated financial statements and other financial information restated to reflect the effect of the pooling of Deutsch.

These combined results will become the historical results of the Company upon publication of financial results for a period inclusive of at least 30 days of

the financial results of Deutsch subsequent to the date of consummation of the Deutsch transaction. This report may be incorporated by reference into other reports or registration statements filed with the Securities and Exchange Commission.

In April 2000, the Company acquired NFO Worldwide, Inc. ("NFO") in a transaction accounted for as a pooling of interests. The results of NFO and several other recent acquisitions, all of which have been accounted for as poolings of interests, have been included in previously restated financial statements filed on Form 8-K on September 15, 2000.

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- PricewaterhouseCoopers LLP
- Arthur Andersen LLP
- Soteriou Banerji
- Ernst & Young
- Ernst & Young LLP
- J. H. Cohn LLP

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Supplemental Consolidated Statement of Cash Flows for the Years Ended December 31, 1999, 1998 and 1997

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For the Years Ended December 31, 1995, 1996, 1997, 1998 and 1999

For the Three Months Ended September 30, 2000 and 1999

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PricewaterhouseCoopers LLP

Arthur Andersen LLP

Soteriou Banerji

Ernst & Young

Ernst & Young LLP

J. H. Cohn LLP

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For the Nine Months Ended September 30, 2000 and 1999

For the Years Ended December 31, 1999, 1998 and 1997

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

THE INTERPUBLIC GROUP OF COMPANIES, INC.
(Registrant)

Date: January 5, 2001 BY /S/ FREDERICK MOLZ

Frederick Molz
Vice President and Controller

FINANCIAL HIGHLIGHTS
(Amounts in Thousands Except Per Share Data)

December 31	1999	1998	Percent Increase/ (decrease)
Operating Data			
Revenue	$ 4,977,823	$ 4,218,657	18.0%
Net Income	$ 331,287	$ 339,907	(2.5%)
Net Income Excluding Restructuring(1)	$ 382,724	$ 339,907	12.6%
Per Share Data(2)			
Diluted EPS	$ 1.07	$ 1.12	(4.5%)
Diluted EPS Excluding Restructuring (1)	$ 1.24	$ 1.12	10.7%
Cash Dividends	$ .33	$ .29	13.8%
Share Price at December 31	$ 57 11/16	$ 39 7/8	44.7%
Weighted-average shares			
Diluted	308,840	305,134	1.2%
Diluted Excluding Restructuring(1)	315,532	305,134	3.4%
Financial Position			
Cash and Cash Equivalents	$ 1,029,076	$ 801,207	28.4%
Total Assets	$ 9,247,044	$ 7,526,563	22.9%
Book Value Per Share(2)	$ 5.75	$ 4.71	22.1%
Return on Average Stockholders' Equity:			
As Reported	20.7%	26.2%	
Excluding Restructuring(1)	23.6%	26.2%	

Revenue	
1999	$4,977,823
1998	$4,218,657
1997	$3,610,706
Diluted Earnings Per Share(2)	
1999 As Reported	$ 1.07
1999 Excluding Restructuring(1)	$ 1.24
1998	$ 1.12
1997	$ .76
Cash Dividends Per Share(2)	
1999	$ .33
1998	$ .29
1997	$ .25
Return On Average Stockholders' Equity	
1999 As Reported	20.7%
1999 Excluding Restructuring(1)	23.6%
1998	26.2%
1997	21.4%

All periods have been restated to reflect the aggregate effect of the acquisitions accounted for as poolings of interests. (See Notes 15 and 16).

[FN]
(1) Excludes the impact of restructuring and other merger-related costs.
(2) All share data for 1998 and 1997 has been adjusted to reflect the two-for-one stock split effective July 15, 1999.

RESULTS OF OPERATIONS

In November 2000, The Interpublic Group of Companies, Inc. (the "Company") acquired Deutsch, Inc. and its affiliate companies ("Deutsch") in a transaction accounted for as a pooling of interests. Deutsch is a full service advertising agency servicing a broad range of clients. The Company's consolidated financial statements and other financial information have been restated to reflect the effect of the Deutsch pooling. In April 2000, the Company acquired NFO Worldwide, Inc. ("NFO") in a transaction accounted for as a pooling of interests. The results of NFO and several other recent acquisitions, all of which have been accounted for as poolings of interests have been included in previously restated financial statements. The following discussion relates to the combined results of the Company after giving effect to all of the pooled companies.

The Company reported net income of $331.3 million or $1.07 diluted earnings per share for the year ended December 31, 1999. Excluding the impact of restructuring and other merger related costs, which are described in a subsequent section of this discussion, net income would have been $382.7 million or $1.24 diluted earnings per share, compared to $339.9 million or $1.12 diluted earnings per share for the year ended December 31, 1998 and $224.2 million or $.76 diluted earnings per share for the year ended December 31, 1997.

The following table sets forth net income and earnings per share before and after the restructuring and other merger related costs:

(Dollars in thousands)

	1999	1998	1997
Net income as reported	$ 331,287	$ 339,907	$ 224,184
Earnings per share			
Basic	$ 1.11	$ 1.15	$ .79
Diluted	$ 1.07	$ 1.12	$ .76
Net income before restructuring and other merger related costs	$ 382,724	$ 339,907	$ 224,184
Earnings per share			
Basic	$ 1.28	$ 1.15	$ .79
Diluted	$ 1.24	$ 1.12	$ .76

Revenue

Worldwide revenue for 1999 was $5.0 billion, an increase of $759 million or 18.0% over 1998. Domestic revenue, which represented 51% of worldwide revenue in 1999, increased $401 million or 18.6% over 1998. International revenue, which represented 49% of worldwide revenue in 1999, increased $358 million or 17.4% over 1998. International revenue would have increased 22% excluding the effect of the strengthening of the U.S. dollar against major currencies. The increase in worldwide revenue is a result of both growth from new business gains and growth from acquisitions. Exclusive of acquisitions, worldwide revenue on a constant dollar basis increased 9% over 1998.

Revenue from other specialized marketing services, which include media buying, market research, relationship (direct) marketing, public relations, sports and event marketing, healthcare marketing and e-business consulting and communications, comprised approximately 44% of total worldwide revenue in 1999, compared to 38% in 1998.

Worldwide revenue for 1998 was $4.2 billion, an increase of $608 million or 16.8% over 1997. Domestic revenue, which represented 51% of worldwide revenue, increased $306 million or 16.5% over 1997. International revenue increased $302 million or 17.2% over 1997. International revenue would have increased 23% excluding the effect of the strengthening of the U.S. dollar against major currencies.

Operating Expenses

Worldwide operating expenses for 1999, excluding restructuring and other merger related costs, were $4.3 billion, an increase of 18.4% over 1998. Operating expenses outside the United States increased 16.7%, while domestic operating expenses increased 20.0%. These increases were commensurate with the increases in revenue. Worldwide operating expenses for 1998 were $3.6 billion, an increase of 13.0% over 1997, comprised of an 17.8% increase in international expenses and an 8.5% increase in domestic expenses.

Significant portions of the Company's expenses relate to employee compensation and various employee incentive and benefit programs, which are based primarily upon operating results. Salaries and related expenses were $2.7 billion in 1999 or 55.2% of revenue as compared to $2.3 billion in 1998 or 55.4% of revenue and

$2.0 billion in 1997 or 56.0% of revenue. The year over year dollar increase is a result of growth from acquisitions and new business gains.

In 1997, as part of its continuing cost containment efforts, the Company announced that it was curtailing its domestic pension plan effective April 1, 1998, and recorded pre-tax charges of approximately $16.7 million. The Company continues to sponsor a domestic defined contribution plan.

Office and general expenses were $1.5 billion in 1999, $1.2 billion in 1998, and $1.1 billion in 1997. The year over year increase is a result of the continued growth of the Company.

In the fourth quarter of 1999, NFO recorded special charges of $22 million as a result of the difficult competitive environment due to client consolidation in the financial services industry. Approximately $16 million of the special charges related to the write-off of intangible assets which were deemed permanently impaired.

Income from Operations

Income from operations for 1999 was $578 million. Excluding restructuring and other merger related costs, income from operations for 1999 was $663 million, an

increase of $90 million or 16% over 1998. Exclusive of acquisitions, foreign exchange fluctuations and amortization of intangible assets, income from operations increased 16% for 1999 compared to 1998.

Income from operations for 1998 was $573 million compared to $383 million in 1997, an increase of 50%. The increase is a result of growth from acquisitions and new business gains.

Special Compensation Charges

During 1997, Hill, Holliday, Connors, Cosmopulos, Inc. ("Hill Holliday"), a company acquired in a pooling of interests transaction in the second quarter of 1998, recorded special compensation charges of approximately $32 million.

Restructuring and Other Merger Related Costs

In October 1999, the Company announced the merger of two of its advertising networks. The networks affected, Lowe & Partners Worldwide and Ammirati Puris Lintas were combined to form a new agency network called Lowe Lintas & Partners Worldwide. The merger involves the consolidation of operations in Lowe Lintas agencies in approximately 24 cities in 22 countries around the world. Once complete, the newly merged agency network will have offices in over 80 countries around the world.

During the fourth quarter of 1999, the Company began execution of a comprehensive restructuring plan in connection with the merger. The plan includes headcount reductions, consolidation of real estate and the sale or disposition of certain investments, and is expected to be completed by June 30, 2000. The Company is pleased with the progress of the merger to date and expects the total costs to be in line with its original estimate.

The total pre-tax cost of the restructuring plan is expected to be between $170 and $190 million, ($100 to $115 million, net of tax). In the fourth quarter of 1999, the Company recognized pre-tax costs of $84.2 million ($51.4 million, net of tax or $.17 per diluted share), with the remainder expected to be recognized in the first two quarters of 2000.

A summary of the components of the total restructuring and other merger related costs, together with an analysis of the cash and non-cash elements, is as follows:

(Dollars in millions)

	1999	Cash	Non-Cash
TOTAL BY TYPE			
Severance and termination costs	$44.9	$27.0	$17.9
Fixed asset write-offs	11.1	--	11.1
Lease termination costs	3.8	3.8	--
Investment write-offs and other	24.4	1.1	23.3
Total	$84.2	$31.9	$52.3

The severance and termination costs recorded in 1999 relate to approximately 230 employees who have been terminated or notified that they will be terminated. The employee groups affected include executive and regional management, administrative, account management, creative and media production personnel, principally in the U.S. and U.K. The charge related to these individuals includes the cost of voluntary programs in certain locations and includes substantially all senior executives that will be terminated. As of December 31, 1999, the amount accrued related to severance and termination was approximately $42.6 million. During the fourth quarter of 1999, cash payments of $2.3 million were made.

The fixed assets write-off relates largely to the abandonment of leasehold improvements as part of the merger. The amount recognized in 1999 relates to fixed asset write-offs in 6 offices principally in the United States.

Lease termination costs relate to the offices vacated as part of the merger. The lease terminations are expected to be completed by mid-to-late 2000, with the cash portion to be paid out over a period of up to five years. As of December 31, 1999, the amount accrued related to these termination costs was $3.8 million.

The investment write-offs relate to the loss on sale or closing of certain business units. In 1999, $23 million has been recorded as a result of the decision to sell or abandon 4 European businesses. In the aggregate, the businesses being sold or abandoned represent an immaterial portion of the revenue and operations of Lowe Lintas & Partners. The write-off amount was computed based upon the difference between the estimated sales proceeds (if any) and the carrying value of the related assets. These sales or closures are expected to be completed by mid 2000.

The Company expects to benefit from the resulting reduction in employee related costs, compensation, benefits and space occupancy. These benefits will begin to be realized in the second half of 2000. It is anticipated that a significant portion of the savings will be offset by investments in creative talent, technology and other capabilities to support the acceleration of growth in the future. The Company anticipates that beginning 2001 its after-tax results of operations will benefit by between $20 to $25 million.

Interest Expense

Interest expense was $81 million in 1999, $64 million in 1998 and $60 million in 1997. The increase in 1999 was attributable to the issuance of the 1.87% Convertible Subordinated Notes due 2006, issued in June 1999, in addition to other borrowings to fund a portion of the acquisition of Infratest Burke Aktiengesellschaft Holdings, one of the top custom marketing research firms in Europe, in November 1998.

Other Income, Net

Other income, net primarily consists of interest income, investment income and net gains from equity investments. Other income, net included gains from the Company's investments in various interactive based companies, including Nicholson NY, Inc., Lycos and USWEB in 1999, gains related to investments in USWEB, CKS Group, Inc. and Lycos in 1998, and gains on the sale of investments, including All American Communications, Inc. and CKS Group, Inc. in 1997. In the aggregate, annual net equity gains remained relatively constant during the three-year period.

Other Items

Income applicable to minority interests increased by $5.5 million in 1999 and by $3.7 million in 1998. The 1999 and 1998 increases were primarily due to the strong performance of companies that were not wholly owned, as well as the acquisition of additional such entities during 1999 and 1998.

The Company's effective income tax rate was 40.6% in 1999, 40.5% in 1998 and 44.9% in 1997. The higher rate in 1997 was largely attributable to the special compensation charges recorded by Hill Holliday.

As described in Note 4, prior to acquisition, Deutsch had elected to be treated as an "S" Corporation and accordingly, its income tax expense was lower than it would have been had Deutsch been treated as a "C" Corporation. Deutsch became a "C" Corporation upon acquisition. Assuming Deutsch had been a "C" Corporation since 1997, the pro forma effective tax rate of the Company would have been 41.7%, 40.9% and 45.2% respectively for 1999, 1998 and 1997.

Cash Based Earnings

Management believes that cash based earnings are a relevant measure of financial performance as it better illustrates the Company's performance and ability to support growth. The Company defines cash based earnings as net income, adjusted to exclude amortization of intangible assets, net of tax where applicable. Cash based earnings are not calculated in the same manner by all companies and are intended to supplement, not replace, the other measures calculated in accordance with generally accepted accounting principles. Cash based earnings for the three years ending December 31, 1999, 1998, and 1997 were as follows:

(Amounts in thousands except per share data)

	1999	1998	1997
Net income as reported	$331,287	$339,907	$224,184
Restructuring and other merger related costs, net of tax	51,437	--	--
Net income, as adjusted	382,724	339,907	224,184
Add back amortization of intangible assets	99,326	61,396	45,682
Less related tax effect	(13,031)	(6,146)	(5,228)
Cash based earnings (as defined above)	$469,019	$395,157	$264,638
Per share amounts (diluted)	$1.51	$1.30	$.90

LIQUIDITY AND CAPITAL RESOURCES

The Company's financial position remained strong during 1999, with cash and cash equivalents at December 31, 1999, of $1.0 billion, an increase of $227.9 million over the 1998 year-end balance. Working capital at December 31, 1999, was $171.0 million, which was $74.1 million higher than the level at the end of 1998. The increase in working capital was largely attributable to proceeds of approximately $300 million from the 1.87% Convertible Subordinated Notes due 2006 issued in June, 1999.

Historically, cash flow from operations has been the primary source of working capital and management believes that it will continue to be so in the future. Net cash provided by operating activities was $610 million, $552 million and $292 million for the years ended December 31, 1999, 1998, and 1997, respectively. The Company's working capital is used primarily to provide for the operating needs of its subsidiaries, which includes payments for space or time purchased from various media on behalf of clients. The Company's practice is to bill and collect from its clients in sufficient time to pay the amounts due for media on a timely basis. Other uses of working capital include the repurchase of the Company's common stock, payment of cash dividends, capital expenditures and acquisitions.

The Company acquires shares of its stock on an ongoing basis. During 1999, the Company purchased approximately 6.5 million shares of its common stock, compared to 4.9 million shares in 1998. The Company repurchases its stock for the purpose of fulfilling its obligations under various compensation plans.

The Company, excluding pooled entities, paid $90.4 million ($.33 per share) in dividends to stockholders in 1999, as compared to $76.9 million ($.29 per share) paid during 1998.

The Company's capital expenditures in 1999 were $186.7 million compared to $159.6 million in 1998 and $123.3 million in 1997. The primary purposes of these expenditures were to upgrade computer and telecommunications systems to better serve clients and to modernize offices.

During 1999, the Company paid approximately $559 million in cash and stock for new acquisitions, including a number of marketing communications companies to complement its existing agency systems and to optimally position itself in the ever-broadening communications marketplace. This amount includes the value of stock issued for pooled companies.

The Company and its subsidiaries maintain credit facilities in the United States and in countries where they conduct business to manage their future liquidity requirements. The Company's available short-term credit facilities were $510 million, of which $80 million were utilized at December 31, 1999, and $576 million, of which $118 million were utilized at December 31, 1998.

Return on average stockholders' equity was 20.7% in 1999 and 26.2% in 1998. Excluding restructuring and other merger related costs, return on average stockholders' equity was 23.6% in 1999. The decline in 1999 was primarily attributable to a $159 million increase in net unrealized holding gains on equity investments, which are included in stockholders' equity.

As discussed in Note 12, revenue from international operations was 49% of total revenue in 1999, 1998 and 1997. The Company continuously evaluates and attempts to mitigate its exposure to foreign exchange, economic and political risks. The notional value and fair value of all outstanding forwards and options contracts at the end of the year were not significant. In addition, the economic developments in Brazil, which did not have a significant negative impact on the Company, were partially offset by the favorable impact due to the economic recovery in Japan.

The Company is not aware of any significant occurrences that could negatively impact its liquidity. However, should such a trend develop, the Company believes that there are sufficient funds available under its existing lines of credit and from internal cash-generating capabilities to meet future needs.

OTHER MATTERS

Internet-Services Companies

During 1999, the Company expanded its investment in internet-service and related companies. In December 1999, the Company announced the establishment of Zentropy Partners, a new global internet-services company that integrates the building and marketing of digital businesses. At its formation, Zentropy Partners had annualized revenue exceeding $50 million and was positioned to serve clients out of 11 offices in Europe and North America.

In April 1999, the Company invested $20 million for a minority interest in Icon Medialab International AB ("Icon"), a Swedish based internet consultancy. Later in the year, the Company increased its investment in Icon through the contribution of other investments and through additional cash purchases.

On October 19, 1999, NFO announced the formation of InsightExpress, LLC, a new Internet company formed to provide real-time consumer input to the desktops of decision-makers in companies of all sizes worldwide. InsightExpress is a fully automated web-enabled survey system that will allow its customers to test new ideas, screen new concepts, gauge customer satisfaction, survey employees, test advertising, and gather insight into the needs, attitudes, and behaviors of consumers. InsightExpress is designed to provide these capabilities at a fraction of the time and the cost of existing market research methods while leveraging the worldwide client experience and panel expertise of NFO. To fund its development and growth, InsightExpress has raised a total of $25 million in new venture capital from General Atlantic Partners and Engage Technologies.

In addition to the above, the Company maintains internet-service and related divisions at several of its major operating divisions and has made strategic investments in fourteen companies whose objectives revolve around consulting on the use of technology to benefit customers.

Year 2000 Issue
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Pursuant to the Year 2000 issue, the Company had developed programs to address the possible exposures related to the impact of computer systems incorrectly recognizing the year 2000 or "00" as 1900. As a result of implementation of its programs, the Company did not experience any significant Year 2000 disruptions during the transition from 1999 to 2000, and since entering 2000, the Company has not experienced any significant Year 2000 disruptions to its business. In addition, the Company is not aware of any significant disruptions impacting its customers or suppliers. The Company will continue to monitor its computer systems over the next several months. However, the Company does not anticipate any significant impact related to Year 2000 problems that may affect its internal computer systems. The Company will also continue to monitor the activities of its business partners and critical suppliers and has developed contingency plans should business partners or critical suppliers experience any Year 2000 disruptions in the coming months.

Costs incurred to achieve Year 2000 readiness, which included modification to existing systems, replacement of non-compliant systems and consulting resources totaled $73 million. A total of $47 million was capitalized (related primarily to hardware and software that provided both Year 2000 readiness and increased the functionality of certain systems), and $26 million was expensed.

Cautionary Statement
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This Report on Form 8-K (the "Report"), including Management's Discussion and Analysis of Financial Condition and Results of Operations contains forward-looking statements. Statements that are not historical facts, including statements about Interpublic's beliefs and expectations, are forward-looking statements. These statements are based on current plans, expectations, estimates and projections, and therefore you should not place undue reliance on them. Forward-looking statements speak only as of the date they are made, and Interpublic undertakes no obligation to update publicly any of them in light of new information, future events or otherwise.

Forward-looking statements involve inherent risks and uncertainties. Interpublic cautions you that a number of important factors could cause actual results to differ materially from those contained in any forward-looking statement. Such factors include, but are not limited to, those associated with the effect of national and regional economic conditions, the ability of Interpublic to attract new clients and retain existing clients, the financial success and other developments of the clients of Interpublic, developments from changes in the regulatory and legal environment for advertising companies around the world, Interpublic's ability to effectively integrate recent acquisitions and Interpublic's ability to attract and retain key management personnel.

New Accounting Guidance
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In June 1998, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 133, "Accounting for Derivative Instruments and Hedging Activities" (SFAS 133), which had an initial adoption date by the Company of January 1, 2000. In June 1999, the FASB postponed the adoption date of SFAS 133 until January 1, 2001. The Company does not believe the effect of adopting SFAS 133 will be material to its financial condition or results of operations.

Conversion to the Euro
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On January 1, 1999, certain member countries of the European Union established fixed conversion rates between their existing currencies and the European Union's common currency (the "Euro"). The Company conducts business in member countries. The transition period for the introduction of the Euro will be between January 1, 1999, and June 30, 2002. The Company is addressing the issues involved with the introduction of the Euro. The major important issues facing the Company include: converting information technology systems; reassessing currency risk; negotiating and amending contracts; and processing tax and accounting records.

Based upon progress to date, the Company believes that use of the Euro will not have a significant impact on the manner in which it conducts its business affairs and processes its business and accounting records. Accordingly, conversion to the Euro has not, and is not expected to have a material effect on the Company's financial condition or results of operations.

REPORT OF INDEPENDENT ACCOUNTANTS

To the Board of Directors and Stockholders of
The Interpublic Group of Companies, Inc.

In our opinion, based upon our audits and the reports of the other auditors, the accompanying supplemental consolidated balance sheets and the related supplemental consolidated statements of income, of cash flows, and of stockholders' equity and comprehensive income present fairly, in all material respects, the financial position of The Interpublic Group of Companies, Inc. and its subsidiaries (the "Company") at December 31, 1999 and 1998, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 1999, in conformity with accounting principles

generally accepted in the United States of America. These financial statements are the responsibility of the Company's management; our responsibility is to express an opinion on these financial statements based on our audits. We did not audit the financial statements of International Public Relations plc ("IPR"), a wholly-owned subsidiary, which statements reflect revenues constituting approximately 6% of the related 1997 supplemental consolidated financial statements. We did not audit the financial statements of Hill, Holliday, Connors, Cosmopulos, Inc. ("Hill Holiday"), a wholly-owned subsidiary which statements reflect total net loss constituting approximately 15% of the related 1997 supplemental consolidated financial statements. We did not audit the financial statements of NFO Worldwide, Inc. ("NFO"), a wholly-owned subsidiary, which statements reflect total assets constituting approximately 5% of the related 1999 supplemental consolidated financial statements. Additionally, we did not audit the financial statements of Deutsch, Inc. and Subsidiary and Affiliates ("Deutsch"), a wholly-owned subsidiary, which statements reflect total net income constituting approximately 5% of the related 1999 supplemental consolidated financial statements. Those statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion expressed herein, insofar as it relates to the amounts included for IPR, Hill Holiday, NFO and Deutsch, is based solely on the reports of the other auditors. We conducted our audits of these statements in accordance with auditing standards generally accepted in the United States of America, which require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits and the reports of other auditors provide a reasonable basis for the opinion expressed above.

As described in Note 16, to the supplemental consolidated financial statements, on November 30, 2000, the Company merged with Deutsch in a transaction accounted for as a pooling of interests. The accompanying supplementary consolidated financial statements give retroactive effect of the merger of the Company with

Deutsch. Accounting principles generally accepted in the United States of America proscribe giving effect to a consummated business combination accounted for by the pooling of interests method in financial statements that do not include the date of consummation. These financial statements do not extend through the date of consummation; however, they will become the historical consolidated financial statements of the Company and its subsidiaries after financial statements covering the date of consummation of the business combination are issued.

PricewaterhouseCoopers LLP
New York, New York

February 22, 2000, except for Note 15 which is as of July 13, 2000 and Note 16 which is as of December 22,2000

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

To the Board of Directors and Stockholders of NFO Worldwide, Inc.:

We have audited the consolidated balance sheets of NFO Worldwide, Inc. (a Delaware corporation) and subsidiaries as of December 31, 1999 and 1998, and the related consolidated statements of income, stockholders' equity, and cash flows for each of the years in the three year period ended December 31, 1999. These financial statements (not presented separately herein) are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits. We did not audit the 1997 financial statements of The MBL Group plc, included in the consolidated financial statements of NFO Worldwide, Inc., which statements reflect total revenues of 26 percent of the related 1997 consolidated total, after adjustment to reflect translation into U.S. dollars and accounting principles generally accepted in the United States. The financial statements of The MBL Group plc, prior to those adjustments, were audited by other auditors whose report thereon has been furnished to us, and our opinion expressed herein, insofar as it relates to the amounts included for The MBL Group plc, is based solely on the report of the other auditors.

We conducted our audits in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits and the report of other auditors provide a reasonable basis for our opinion.

In our opinion, based on our audits and the report of the other auditors, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of NFO Worldwide, Inc. and subsidiaries as of December 31, 1999 and 1998, and the results of their operations and their cash flows for each of the years in the three year period ended December 31, 1999, in conformity with accounting principles generally accepted in the United States.

Our audits were made for the purpose of forming an opinion on the consolidated financial statements taken as a whole. The schedule referred to in Item 14 (not presented separately herein) is presented for the purpose of complying with the Securities and Exchange Commission's rules and is not part of the consolidated financial statements. This schedule has been subjected to the auditing procedures applied in our audits of the consolidated financial statements and, in our opinion, based on our audit and the report of other auditors, fairly states in all material respects the financial data required to be set forth therein in relation to the consolidated financial statements taken as a whole.

Arthur Andersen LLP
New York, New York,

February 25, 2000

REPORT OF THE AUDITORS TO THE SHAREHOLDERS OF THE MBL GROUP plc

We have audited the financial statements of The MBL Group plc for the year ended December 31, 1997, which have been prepared under the historical cost convention and in accordance with generally accepted accounting principles applicable in the United Kingdom.

Respective Responsibilities of Directors and Auditors

The Company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

Basis of Opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board which are substantially the same as those followed in the United States. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion, we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion, the financial statements give a true and fair view of the group's profit and cash flows for the year ended December 31, 1997, and have been properly prepared in accordance with generally accepted accounting principles in the United Kingdom.

Soteriou Banerji

Registered Auditors and Chartered Accountants
253 Gray's Inn Road

London, WC1X 8QT

Date February 23, 1998

REPORT OF INDEPENDENT AUDITORS TO THE SHAREHOLDERS AND BOARD OF DIRECTORS OF INTERNATIONAL PUBLIC RELATIONS PLC

We have audited the consolidated statements of income, shareholders' equity and cash flows of International Public Relations plc and subsidiaries for the fourteen-month period ended 31 December 1997, all expressed in pounds sterling. These financial statements, which are not separately presented herein, are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with United Kingdom auditing standards, which do not differ in any significant respect from United States generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated results of operations and the consolidated cash flows of International Public Relations plc and subsidiaries for the fourteen-month period ended 31 December 1997 in conformity with United States generally accepted accounting principles.

Ernst & Young
London
3 February 1999

REPORT OF INDEPENDENT AUDITORS

Board of Directors

Hill, Holliday, Connors, Cosmopulos, Inc.

We have audited the consolidated statements of operations, stockholders' equity (deficit) and cash flows of Hill, Holliday, Connors, Cosmopulos, Inc. and Subsidiaries (the Company) for the twelve months ended December 31, 1997, not separately presented herein. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated results of operations and cash flows of Hill, Holliday, Connors, Cosmopulos, Inc. and Subsidiaries for the twelve-month period ended December 31, 1997 in conformity with generally accepted accounting principles.

Ernst & Young LLP
Boston, Massachusetts

March 13, 1998

Report of Independent Public Accountants

To the Stockholder

Deutsch, Inc. and Subsidiary and Affiliates

We have audited the combined balance sheet of Deutsch, Inc. and Subsidiary and Affiliates as of December 31, 1999, and the related combined statements of income, stockholder's equity (deficiency) and cash flows for the year then ended, which financial statements are respectively presented herein. These combined financial statements are not the responsibility of the Company's management. Our responsibility is to express an opinion on these combined financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the combined financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall combined financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the combined financial statements referred to above present fairly, in all material respects, the financial position of Deutsch, Inc. and Subsidiary and Affiliates as of December 31, 1999, and their results of operations and cash flows for the year then ended, in conformity with generally accepted accounting principles.

The combined financial statements have been restated to reflect the correct treatment of payments made to the Company's sole stockholder. In financial statements previously issued for the years ended December 31, 1999, 1998 and 1997, certain payments had been classified as bonuses which, it has been determined, should have been reflected as distributions to the Company's sole stockholder. Accordingly, the Company has restated the financial statements to reflect the correct accounting for the payments and the related tax effects.

J.H. Cohn LLP
Roseland, New Jersey
November 28, 2000

FINANCIAL STATEMENTS

THE INTERPUBLIC GROUP OF COMPANIES, INC. AND ITS SUBSIDIARIES

SUPPLEMENTAL CONSOLIDATED BALANCE SHEET

DECEMBER 31

(Dollars in Thousands Except Per Share Data)

ASSETS	1999	1998
CURRENT ASSETS:		
Cash and cash equivalents (includes certificates of deposit: 1999-$150,343; 1998-$152,064)	$1,029,076	$ 801,207
Marketable securities	36,765	31,733
Receivables (net of allowance for doubtful accounts: 1999-$60,565; 1998-$54,060)	4,442,229	3,661,076
Expenditures billable to clients	337,769	300,067
Prepaid expenses and other current assets	147,085	156,314
Total current assets	5,992,924	4,950,397
OTHER ASSETS:		
Investment in unconsolidated affiliates	62,225	62,244
Deferred taxes on income	--	92,756
Other investments and miscellaneous assets	719,024	362,154
Total other assets	781,249	517,154
FIXED ASSETS, AT COST:		
Land and buildings	164,678	117,105
Furniture and equipment	783,698	742,191
	948,376	859,296
Less: accumulated depreciation	(506,975)	(440,190)
	441,401	419,106
Unamortized leasehold improvements	151,870	119,461
Total fixed assets	593,271	538,567
Intangible assets (net of accumulated amortization: 1999-$607,417; 1998-$525,792)	1,879,600	1,520,445
TOTAL ASSETS	$9,247,044	$7,526,563

FINANCIAL STATEMENTS
THE INTERPUBLIC GROUP OF COMPANIES, INC. AND ITS SUBSIDIARIES
SUPPLEMENTAL CONSOLIDATED BALANCE SHEET
DECEMBER 31
(Dollars in Thousands Except Per Share Data)

LIABILITIES AND STOCKHOLDERS' EQUITY	1999	1998
CURRENT LIABILITIES:		
Payable to banks	$ 262,483	$ 215,078
Accounts payable	4,629,415	3,699,783
Accrued expenses	769,566	720,274
Accrued income taxes	160,484	218,381
Total current liabilities	5,821,948	4,853,516
NONCURRENT LIABILITIES:		
Long-term debt	530,117	498,517
Convertible subordinated debentures and notes	518,490	207,927
Deferred compensation and reserve for termination allowances	348,172	325,007
Deferred taxes on income	45,888	--
Accrued postretirement benefits	50,226	49,919
Other noncurrent liabilities	86,127	102,000
Minority interests in consolidated subsidiaries	81,612	59,246
Total noncurrent liabilities	1,660,632	1,242,616
STOCKHOLDERS' EQUITY:		
Preferred Stock, no par value shares authorized: 20,000,000 shares issued: none		
Common Stock, $.10 par value shares authorized: 550,000,000 shares issued: 1999 - 315,921,839; 1998 - 309,954,039	31,592	30,995
Additional paid-in capital	783,897	574,246
Retained earnings	1,392,224	1,166,785
Accumulated other comprehensive loss, net of tax	(76,695)	(160,970)
	2,131,018	1,611,056
Less:		
Treasury stock, at cost: 1999 - 8,909,904 shares; 1998 - 6,411,028 shares	289,519	109,277
Unamortized expense of restricted stock grants	77,035	71,348
Total stockholders' equity	1,764,464	1,430,431
Commitments and contingencies		
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$9,247,044	$7,526,563

All periods have been restated to reflect the aggregate effect of the acquisitions accounted for as poolings of interests. (See Notes 15 and 16).

All share data for 1998 has been adjusted to reflect the two-for-one stock split effective July 15, 1999.

The accompanying notes are an integral part of these financial statements.

FINANCIAL STATEMENTS

THE INTERPUBLIC GROUP OF COMPANIES, INC. AND ITS SUBSIDIARIES

SUPPLEMENTAL CONSOLIDATED STATEMENT OF INCOME

YEAR ENDED DECEMBER 31

(Amounts in Thousands Except Per Share Data)

	1999	1998	1997
Revenue	$ 4,977,823	$ 4,218,657	$ 3,610,706
Salaries and related expenses	2,745,956	2,339,894	2,020,243
Office and general expenses	1,469,862	1,244,771	1,129,639
Amortization of intangible assets	99,326	61,396	45,682
Special compensation charges	--	--	32,229
Restructuring and other merger related costs	84,183	--	--
Total operating expenses	4,399,327	3,646,061	3,227,793
Income from operations	578,496	572,596	382,913
Interest expense	(81,341)	(64,296)	(59,820)
Other income, net	103,562	98,555	117,150
Income before provision for income taxes	600,717	606,855	440,243
Provision for income taxes	243,971	245,636	197,665
Income of consolidated companies	356,746	361,219	242,578
Income applicable to minority interests	(33,991)	(28,503)	(24,759)
Equity in net income of unconsolidated affiliates	8,532	7,191	6,365
Net Income	$ 331,287	$ 339,907	$ 224,184
Per Share Data:			
Basic EPS	$ 1.11	$ 1.15	$ .79
Diluted EPS	$ 1.07	$ 1.12	$ .76
Weighted average shares:			
Basic	297,992	294,756	283,796
Diluted	308,840	305,134	301,602

All periods have been restated to reflect the aggregate effect of the acquisitions accounted for as poolings of interests. (See Notes 15 and 16).

All share data for 1998 and 1997 has been adjusted to reflect the two-for-one stock split effective July 15, 1999.

The accompanying notes are an integral part of these financial statements.

FINANCIAL STATEMENTS
THE INTERPUBLIC GROUP OF COMPANIES, INC. AND ITS SUBSIDIARIES
SUPPLEMENTAL CONSOLIDATED STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31
(Dollars in Thousands)

	1999	1998	1997
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net income	$ 331,287	$ 339,907	$ 224,184
Adjustments to reconcile net income to cash provided by operating activities:			
Depreciation and amortization of fixed assets	128,302	110,086	88,847
Amortization of intangible assets	99,326	61,396	45,682
Amortization of restricted stock awards	25,926	20,272	16,222
Stock bonus plans/ESOP	--	--	1,389
Provision for (benefit of) deferred income taxes	9,316	(11,972)	7,432
Noncash pension plan charges	--	--	16,700
Equity in net income of unconsolidated affiliates	(8,533)	(7,191)	(6,366)
Income applicable to minority interests	33,991	28,503	24,759
Translation losses/(gains)	690	1,034	(319)
Special compensation charges	--	--	31,553
Net gain on investments	(43,390)	(40,465)	(44,626)
Restructuring costs, non-cash	52,264	--	--
Other	(5,197)	12,667	(10,467)
Change in assets and liabilities, net of acquisitions:			
Receivables	(820,510)	(269,536)	(357,380)
Expenditures billable to clients	(24,413)	(31,199)	(51,247)
Prepaid expenses and other assets	(121,945)	(39,790)	(30,892)
Accounts payable and accrued expenses	996,630	336,799	317,165
Accrued income taxes	(64,423)	26,870	435
Deferred compensation and reserve for termination allowances	20,496	14,537	18,571
Net cash provided by operating activities	609,817	551,918	291,642
CASH FLOWS FROM INVESTING ACTIVITIES:			
Acquisitions, net	(248,406)	(255,995)	(110,317)
Capital expenditures	(186,669)	(159,596)	(123,275)
Proceeds from sales of assets	72,542	28,346	114,494
Net (purchases of) proceeds from marketable securities	(9,114)	3,934	324
Other investments and miscellaneous assets	(150)	--	--
Investment in unconsolidated affiliates	(10,531)	(16,725)	(9,191)
Net cash used in investing activities	(382,328)	(400,036)	(127,965)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Increase in short-term borrowings	47,592	15,304	31,188
Proceeds from long-term debt	405,927	220,494	280,847
Payments of long-term debt	(70,126)	(98,294)	(36,404)
Proceeds from ESOP	--	7,420	--
Treasury stock acquired	(300,524)	(164,928)	(144,094)
Issuance of common stock	66,130	35,239	38,664
Cash dividends - Interpublic	(90,424)	(76,894)	(61,242)
Cash dividends - pooled companies	(14,643)	(16,461)	(19,519)
Net cash provided by (used in) financing activities	43,932	(78,120)	89,440
Effect of exchange rates on cash and cash equivalents	(43,552)	10,998	(43,279)
Increase in cash and cash equivalents	227,869	84,760	209,838
Cash and cash equivalents at beginning of year	801,207	716,447	506,609
Cash and cash equivalents at end of year	$1,029,076	$ 801,207	$ 716,447

All periods have been restated to reflect the aggregate effect of the acquisitions accounted for as poolings of interests. (See Notes 15 and 16).

The accompanying notes are an integral part of these financial statements.

FINANCIAL STATEMENTS
THE INTERPUBLIC GROUP OF COMPANIES, INC. AND ITS SUBSIDIARIES
SUPPLEMENTAL CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY AND COMPREHENSIVE INCOME
FOR THE THREE-YEAR PERIOD ENDED DECEMBER 31, 1999
(Dollars in Thousands)

	Common Stock (par value $.10)	Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Income (loss)	Treasury Stock	Unamortized Expense of Restricted Stock Grants	Unearned ESOP Plan	Total
BALANCES, DECEMBER 31, 1998	$30,995	$574,246	$1,166,785	$(160,970)	$(109,277)	$(71,348)	$ --	$1,430,431
Comprehensive income:								
Net income			$ 331,287					$ 331,287
Adjustment for minimum pension liability				18,596				18,596
Change in market value of securities available-for-sale				158,607				158,607
Foreign currency translation adjustment				(92,928)				(92,928)
Total comprehensive income								$415,562
Cash dividends - IPG			(90,424)					(90,424)
Cash dividends - pooled companies			(14,643)					(14,643)
Equity adjustments - pooled companies			(594)					(594)
Awards of stock under Company plans:								
Achievement stock and incentive awards		198			333			531
Restricted stock, net of forfeitures	66	36,902			(7,927)	(5,687)		23,354
Employee stock purchases	40	19,068						19,108
Exercise of stock options, including tax benefit	276	81,539						81,815
Purchase of Company's own stock					(300,524)			(300,524)
Issuance of shares for acquisitions		63,447			127,876			191,323
Par value of shares issued for two-for-one stock split	187		(187)					--
Other issuances	28	8,497						8,525
BALANCES, DECEMBER 31, 1999	$31,592	$783,897	$1,392,224	$ (76,695)	$(289,519)	$(77,035)	$ --	$1,764,464

FINANCIAL STATEMENTS
THE INTERPUBLIC GROUP OF COMPANIES, INC. AND ITS SUBSIDIARIES
SUPPLEMENTAL CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY AND COMPREHENSIVE INCOME
FOR THE THREE-YEAR PERIOD ENDED DECEMBER 31, 1999
(Dollars in Thousands)

	Common Stock (par value $.10)	Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Income (loss)	Treasury Stock	Unamortized Expense of Restricted Stock Grants	Unearned ESOP Plan	Total
BALANCES, DECEMBER 31, 1997	$30,564	$431,872	$920,448	$(159,064)	$ --	$(56,634)	$(7,420)	$1,159,766
Comprehensive income:								
Net income			$339,907					$ 339,907
Adjustment for minimum pension liability				(24,013)				(24,013)
Change in market value of securities available-for-sale				(2,576)				(2,576)
Foreign currency translation adjustment				24,683				24,683
Total comprehensive income								$ 338,001
Cash dividends - IPG			(76,894)					(76,894)
Cash dividends - pooled companies			(16,461)					(16,461)
Awards of stock under Company plans:								
Achievement stock and incentive awards		274			110			384
Restricted stock, net of forfeitures	63	36,619			(2,406)	(14,714)		19,562
Employee stock purchases	26	13,325						13,351
Exercise of stock options, including tax benefit	123	42,518						42,641
Purchase of Company's own stock					(164,928)			(164,928)
Issuance of shares for acquisitions		36,714			57,947			94,661
Conversion of convertible debentures	3	1,002						1,005
Payments from ESOP							7,420	7,420
Par value of shares issued for two-for-one stock split	215		(215)					--
Other issuances	1	11,922						11,923
BALANCES, DECEMBER 31, 1998	$30,995	$ 574,246	$1,166,785	$(160,970)	$(109,277)	$(71,348)	$ --	$1,430,431

FINANCIAL STATEMENTS

THE INTERPUBLIC GROUP OF COMPANIES, INC. AND ITS SUBSIDIARIES

SUPPLEMENTAL CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY AND COMPREHENSIVE INCOME

FOR THE THREE-YEAR PERIOD ENDED DECEMBER 31, 1999

(Dollars in Thousands)

	Common Stock (par value $.10)	Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Income (loss)	Treasury Stock	Unamortized Expense of Restricted Stock Grants	Unearned ESOP Plan	Total
BALANCES, DECEMBER 31, 1996	$15,501	$272,790	$791,383	$ (93,572)	$ --	$(47,350)	$(7,800)	$ 930,952
Comprehensive income:								
Net income			$224,184					$ 224,184
Adjustment for minimum pension liability				72				72
Change in market value of securities available-for-sale				12,465				12,465
Foreign currency translation adjustment				(78,029)				(78,029)
Total comprehensive income								$158,692
Cash dividends - IPG			(61,242)					(61,242)
Cash dividends - pooled companies			(19,519)					(19,519)
Awards of stock under Company plans:								
Achievement stock and incentive awards		787			175			962
Restricted stock, net of forfeitures	53	27,821			(3,664)	(9,284)		14,926
Employee stock purchases	23	9,684						9,707
Exercise of stock options, including tax benefit	126	40,855						40,981
Purchase of Company's own stock					(144,094)			(144,094)
Issuance of shares for acquisitions		(72,129)			147,583			75,454
Conversion of convertible debentures	443	118,357						118,800
Par value of shares issued for three-for-two stock split	59							59
Payments from ESOP							380	380
Special compensation charges		27,324						27,324
Deferred stock bonus charges		(4,876)						(4,876)
Par value of shares issued for two-for-one stock split	14,358		(14,358)					--
Other issuances	1	11,259						11,260
BALANCES, DECEMBER 31, 1997	$30,564	$431,872	$920,448	$(159,064)	$ --	$(56,634)	$(7,420)	$1,159,766

The accompanying notes are an integral part of these financial statements.

All periods have been restated to reflect the aggregate effect of the acquisitions accounted for as poolings of interests. (See Notes 15 and 16).

All share data for 1999, 1998 and 1997 has been adjusted to reflect the two-for-one stock split effective July 15, 1999.

NOTES TO SUPPLEMENTAL CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

The Company is a worldwide provider of advertising agency and related services. The Company conducts business through the following subsidiaries: McCann-Erickson WorldGroup, The Lowe Group, DraftWorldwide, Initiative Media Worldwide, International Public Relations, Octagon, Zentropy Partners, NFO Worldwide, Allied Communications Group, Deutsch, Inc. and other related companies. The Company also has arrangements through association with local agencies in various parts of the world. Other specialized marketing services conducted by the Company include media buying, market research, relationship (direct) marketing, public relations, sports and event marketing, healthcare marketing and e-business consulting and communications.

Principles of Consolidation

The consolidated financial statements include the accounts of the Company and its subsidiaries, most of which are wholly owned. The Company also has certain investments in unconsolidated affiliates that are carried on the equity basis.

The Company's consolidated financial statements, including the related notes, have been restated as of the earliest period presented to include the results of operations, financial position and cash flows of the 2000 pooled entities in addition to all prior pooled entities.

The accompanying income statements have been prepared in a format different than that used in the originally filed Form 10-K for the three years ended December 31, 1999. The changes made principally relate to the introduction of a new line item - "Income from operations". Amounts previously included in "Other income, net" as part of "Gross Income" are now included elsewhere in the Consolidated Statement of Income.

Short-term and Long-term Investments

The Company's investments in marketable and equity securities are categorized as available-for-sale securities, as defined by Statement of Financial Accounting Standards No. 115 (SFAS 115), "Accounting for Certain Investments in Debt and Equity Securities". Unrealized holding gains and losses are reflected as a net amount within stockholders' equity until realized. The cost of securities sold is based on the average cost of securities when computing realized gains and losses.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Translation of Foreign Currencies

Balance sheet accounts are translated principally at rates of exchange prevailing at the end of the year except for fixed assets and related depreciation in countries with highly inflationary economies which are translated at rates in effect on dates of acquisition. Revenue and expense accounts are translated at average rates of exchange in effect during each year. Translation adjustments are included within stockholders' equity except for countries with highly inflationary economies, in which case they are included in current operations.

Revenues and Agency Costs

Revenues are generally recognized when media placements appear and production costs are incurred. Salaries and other agency costs are generally expensed as incurred.

Depreciation and Amortization

Depreciation is computed principally using the straight-line method over estimated useful lives of the related assets, ranging generally from 3 to 20 years for furniture and equipment and from 10 to 45 years for various component parts of buildings.

Leasehold improvements and rights are amortized over the terms of related leases. Company policy provides for the capitalization of all major expenditures for renewal and improvements and for current charges to income for repairs and maintenance.

Long-lived Assets

The excess of purchase price over the fair value of net tangible assets acquired is amortized on a straight-line basis over periods not exceeding 40 years. Customer lists are amortized on a straight-line basis over the expected useful life of the customer lists (generally 5 to 40 years).

The Company evaluates the recoverability of the carrying value of long-lived assets whenever events or changes in circumstances indicate that the net book value of an operation may not be recoverable. If the sum of projected future undiscounted cash flows of an operation is less than its carrying value, an impairment loss is recognized. The impairment loss is measured by the excess of the carrying value over fair value based on estimated discounted future cash flows or other valuation measures.

During 1999, the Company recorded a pre-tax charge of $16 million related to the write-off of goodwill and customer lists within NFO's North American financial

services division. Cash flow analyses were performed, resulting in the determination by management that the intangible assets within this division were deemed to be permanently impaired.

Income Taxes

Deferred income taxes reflect the impact of temporary differences between the amount of assets and liabilities recognized for financial reporting purposes and such amounts recognized for income tax purposes.

Earnings per Common and Common Equivalent Share

The Company applies the principles of Statement of Financial Accounting Standards No. 128 (SFAS 128), "Earnings Per Share". Basic earnings per share is based on the weighted-average number of common shares outstanding during each year. Diluted earnings per share also includes common equivalent shares applicable to grants under the stock incentive and stock option plans and the assumed conversion of convertible subordinated debentures and notes, if they are determined to be dilutive.

Treasury Stock

Treasury stock is acquired at market value and is recorded at cost. Issuances are accounted for on a first-in, first-out basis.

Concentrations of Credit Risk

The Company's clients are in various businesses, located primarily in North America, Latin America, Europe and the Asia Pacific Region. The Company performs ongoing credit evaluations of its clients. Reserves for credit losses are maintained at levels considered adequate by management. The Company invests its excess cash in deposits with major banks and in money market securities. These securities typically mature within 90 days and bear minimal risk.

Segment Reporting

The Company provides advertising and many other closely related specialized marketing services. All of these services fall within one reportable segment as defined in Statement of Financial Accounting Standards No. 131 (SFAS 131), "Disclosures about Segments of an Enterprise and Related Information."

Accounting for Derivative Instruments and Hedging Activities In June 1998, the FASB issued Statement of Financial Accounting Standards No. 133, "Accounting for Derivative Instruments and Hedging Activities" (SFAS 133), which had an initial adoption date by the Company of January 1, 2000. In June 1999, the FASB postponed the adoption date of SFAS 133 until January 1, 2001. SFAS 133 will require the Company to record all derivatives on the balance sheet at fair value. Changes in derivative fair values will either be recognized in earnings as offsets to the changes in fair value of related hedged assets, liabilities and firm commitments or for forecasted transactions, deferred and later recognized in earnings at the same time as the related hedged transactions. The impact of SFAS 133 on the Company's financial statements will depend on a variety of factors, including the future level of forecasted and actual foreign currency transactions, the extent of the Company's hedging activities, the type of hedging instruments used and the effectiveness of such instruments. However, the Company does not believe the effect of adopting SFAS 133 will be material to its financial condition or results of operations.

Reclassifications

Certain amounts for prior years have been reclassified to conform to current year presentation.

NOTE 2: STOCKHOLDERS' EQUITY

On July 15, 1999, the stockholders approved a two-for-one stock split, effected in the form of a payment of a 100 percent stock dividend to stockholders of record on June 29, 1999. The number of shares of common stock reserved for issuance pursuant to various plans under which stock is issued was increased by 100 percent. The two-for-one stock split has been reflected retroactively in the consolidated financial statements and all per share data, shares, and market prices of the Company's common stock included in the consolidated financial statements and notes thereto have been adjusted to give effect to the stock split.

Comprehensive Income

Accumulated other comprehensive income (loss) amounts are reflected net of tax in the consolidated financial statements as follows:

(Dollars in thousands)

	Foreign Currency Translation Adjustment	Unrealized Holding Gains/ (Losses)	Minimum Pension Liability Adjustment	Total Accumulated Other Comprehensive Income/ (Loss)
Balances, December 31, 1996	$ (80,270)	$ --	$(13,302)	$ (93,572)
Current-period change	(78,029)	12,465	72	(65,492)
Balances, December 31, 1997	$(158,299)	$ 12,465	$(13,230)	$(159,064)
Current-period change	24,683	(2,576)	(24,013)	(1,906)
Balances, December 31, 1998	$(133,616)	$ 9,889	$(37,243)	$(160,970)
Current-period change	(92,928)	158,607	18,596	84,275
Balances, December 31, 1999	$(226,544)	$168,496	$(18,647)	$ (76,695)

The foreign currency translation adjustments are not tax-effected. See Note 13 for additional discussion of unrealized holding gains on investments.

NOTE 3: EARNINGS PER SHARE

In accordance with SFAS 128, the following is a reconciliation of the components of the basic and diluted EPS computations for income available to common stockholders for the year ended December 31:

(Dollars in Thousands Except Per Share Data)

	1999			1998			1997		
	Income	Shares	Per Share Amount	Income	Shares	Per Share Amount	Income	Shares	Per Share Amount
BASIC EPS									
Income available to common stockholders	$331,287	297,992	$1.11	$339,907	294,756	$1.15	$224,184	283,796	$.79
Effect of Dilutive Securities:									
Options		7,311			6,924			6,508	
Restricted stock	631	3,537		541	3,454		447	3,277	
3 3/4% Convertible subordinated debentures	--	--		--	--		5,929	8,021	
DILUTED EPS	$331,918	308,840	$1.07	$340,448	305,134	$1.12	$230,560	301,602	$.76

The computation of diluted EPS for 1999, 1998, and 1997 excludes the assumed conversion of the 1.80% Convertible Subordinated Notes and the 1999 computation also excludes the 1.87% Convertible Subordinated Notes (See Note 10) because they were antidilutive. In the fourth quarter of 1997, the Company redeemed substantially all its 3 3/4% Convertible Subordinated Debentures due 2002.

All data for 1999, 1998, and 1997 has been restated to reflect the aggregate effect of the acquisitions accounted for as poolings of interests. (See Notes 15 and 16).

All share data for 1998 and 1997 has been adjusted to reflect the two-for-one stock split effective July 15, 1999.

NOTE 4: ACQUISITIONS

The Company acquired a number of advertising and communications companies during the three-year period ended December 31, 1999. The aggregate purchase price, including cash and stock payments for new acquisitions (including pooled entities), was $559 million, $820 million and $378 million in 1999, 1998 and 1997, respectively. The aggregate purchase price for new acquisitions accounted for as purchases and equity investments was $293 million, $405 million, and $144 million in 1999, 1998, and 1997, respectively.

1999

In 1999, the Company paid $189 million in cash and issued 8,393,893 shares of its common stock to acquire 56 companies. Of the acquisitions, 52 were accounted for under the purchase method of accounting and 4 were accounted for under the pooling of interests method. The Company also recorded a liability for acquisition related deferred payments of $28 million, for cases where contingencies related to acquisitions have been resolved.

For those entities accounted for as purchase transactions, the purchase price of the acquisitions has been allocated to assets acquired and liabilities assumed based on estimated fair values. The results of operations of the acquired companies were included in the consolidated results of the Company from their respective acquisition dates which occurred throughout the year. The companies acquired in transactions accounted for as purchases included The Cassidy Companies, Inc., Spedic France S.A., Mullen Advertising, Inc., and PDP Promotions UK Ltd. None of the acquisitions was significant on an individual basis.

In connection with the 1999 purchase transactions, goodwill of approximately $254 million was recorded. The purchase price allocations made in 1999 are preliminary and subject to adjustment. Goodwill related to the acquisitions is being amortized on a straight-line basis over their estimated useful lives.

On December 1, 1999, the Company acquired Brands Hatch Leisure Plc. for 5,158,122 shares of stock. The acquisition has been accounted for as a pooling of interests. Additionally, during 1999 the Company issued 641,596 shares to acquire 3 other companies which have been accounted for as poolings of interests.

The following unaudited pro forma data summarize the results of operations for the periods indicated as if the 1999 purchase acquisitions had been completed as of January 1, 1998. The pro forma data give effect to actual operating results prior to the acquisition, adjusted to include the estimated pro forma effect of interest expense, amortization of intangibles and income taxes. These pro forma amounts do not purport to be indicative of the results that would have actually been obtained if the acquisitions occurred as of the beginning of the periods presented or that may be obtained in the future.

For the year ended December 31, 1999

(Amounts in thousands except per share data)

	IPG (as reported)	Pre-acquisition results (unaudited)	Pro forma IPG with 1999 acquisitions (unaudited)
Revenues	$4,977,823	$104,529	$5,082,352
Net income	331,287	7,101	338,388
Earnings per share:			
Basic	1.11		1.14
Diluted	1.07		1.10

Net income amounts shown in the table above include restructuring and other merger related costs of $51.4 million, net of tax.

For the year ended December 31, 1998

(Amounts in thousands except per share data)

	IPG (as reported)	Results of 1999 acquisitions (unaudited)	Pro forma IPG with 1999 acquisitions (unaudited)
Revenues	$4,218,657	$446,833	$4,665,490
Net income	339,907	15,819	355,726

Earnings per share:

Basic	1.15		1.21
Diluted	1.12		1.17

Unaudited pro forma consolidated results after giving effect to business acquired in purchase transactions during 1998 would not have been materially different from the reported amounts for 1998.

1998

In 1998, 14,956,534 shares of the Company's common stock were issued for acquisitions accounted for as poolings of interests. The companies pooled and the respective shares of the Company's common stock issued were: International Public Relations Plc. - 5,280,346 shares, Hill Holliday - 4,124,868 shares, The Jack Morton Company - 4,271,992 shares, Carmichael Lynch, Inc. - 973,808 shares and KBA Marketing - 305,520 shares.

In 1998, the Company paid $282 million in cash and issued 2,718,504 shares of its common stock to acquire 77 companies, all of which have been accounted for as purchases. These acquisitions included Gillespie, Ryan McGinn, CSI, Flammini, Gingko, Defederico, Herrero Y Ochoa, Infratest Burke AG, CF Group, MarketMind Technologies, and Ross-Cooper-Lund. The Company also recorded a liability for acquisition related deferred payments of $24 million.

1997

In 1997, the Company issued 10,789,079 shares of its common stock for acquisitions accounted for as poolings of interests. Some of the companies pooled and the respective shares of the Company's common stock issued were: Complete Medical Group - 1,417,578 shares, The MBL Group plc - 1,126,114 shares, Prognostics - 1,425,123 shares, Integrated Communications Corporation- 1,170,108 shares, Advantage International - 1,158,412 shares and Ludgate - 1,078,918 shares. Additional companies accounted for as poolings of interests include Adler Boschetto Peebles, Barnett Fletcher, Davies Baron, Diefenbach Elkins, D.L. Blair, Rubin Barney & Birger, Inc. and Technology Solutions Inc.

In 1997, the Company also paid $101.1 million in cash and issued 2,792,950 shares of its common stock for acquisitions accounted for as purchases and equity investments. These acquisitions included Marketing Corporation of America, Medialog, The Sponsorship Group, Kaleidoscope and Addis Wechsler (51% interest). The Company increased its interest in Campbell Mithun Esty by 25%. The Company also recorded a liability for acquisition related deferred payments of $38 million.

Deferred Payments

Certain of the Company's acquisition agreements provide for deferred payments by the Company, contingent upon future revenues or profits of the companies acquired. Deferred payments of both cash and shares of the Company's common stock for prior years' acquisitions were $210 million, $84 million, and $51 million in 1999, 1998 and 1997, respectively. Such payments are capitalized and recorded as goodwill.

Investments

During 1999, the Company sold a portion of its investments in Lycos and USWEB for combined proceeds of approximately $56 million. Additionally, the Company sold its minority investment in Nicholson NY, Inc. to Icon for $19 million in shares of Icon's common stock.

During 1998, the Company sold a portion of its investments in USWEB, CKS Group, Inc. and Lycos with combined proceeds of approximately $20 million. These investments are being accounted for as available-for-sale securities, pursuant to the requirements of SFAS 115.

During 1997, the Company sold its investment in All American Communications, Inc. for approximately $77 million.

Restatement

As discussed in Note 16, the Company acquired Deutsch in November 2000 in a transaction which was accounted for as a pooling of interests. The accompanying consolidated financial statements, including the related notes, have been restated as of the earliest period presented to include the results of operations, financial position and cash flows of Deutsch.

In April 2000, the Company acquired NFO in a transaction accounted for as a pooling of interests. The results of NFO and several other recent acquisitions accounted for as poolings of interests have been included in previously restated financial statements.

Revenue and net income for Deutsch included in the supplemental consolidated statement of income for the years ending December 31, 1999, 1998 and 1997 are summarized below.

	Revenue	Net Income/ (Loss)
For the year ended December 31, 1999:		
As Previously Restated	$4,892,912	$315,243
Deutsch	84,911	16,044
As Restated	$4,977,823	$331,287
For the year ended December 31, 1998:		
As Previously Restated	$4,167,788	$333,593
Deutsch	50,869	6,314
As Restated	$4,218,657	$339,907
For the year ended December 31, 1997:		
As Previously Restated	$3,582,601	$220,211
Deutsch	28,105	3,973
As Restated	$3,610,706	$224,184

Prior to its acquisition by the Company, Deutsch elected to be treated as an "S" Corporation under applicable sections of the Internal Revenue Code as well as for state income tax purposes. Accordingly, income tax expense was lower than would have been the case had Deutsch been treated as a "C" Corporation. Deutsch became a "C" Corporation upon its acquisition by the Company. On a pro forma basis, assuming "C" Corporation status, net income for Deutsch and the Company would have been as follows:

(Dollars in thousands)

	1999	1998	1997
Deutsch, as reported	$ 16,044	$ 6,314	$ 3,973
Deutsch, pro forma	9,518	3,833	2,431
Pro forma tax adjustment	(6,526)	(2,481)	(1,542)
IPG, as restated	331,287	339,907	224,184
IPG, pro forma	$324,761	$337,426	$222,642

NOTE 5: PROVISION FOR INCOME TAXES

The Company accounts for income taxes under Statement of Financial Accounting Standards No. 109 (SFAS 109), "Accounting for Income Taxes". SFAS 109 applies an asset and liability approach that requires the recognition of deferred tax assets and liabilities with respect to the expected future tax consequences of events that have been recognized in the consolidated financial statements and tax returns.

The components of income before provision for income taxes are as follows:

(Dollars in thousands)	1999	1998	1997
Domestic	$365,118	$322,651	$201,359
Foreign	235,599	284,204	238,884
Total	$600,717	$606,855	$440,243

The provision for income taxes consisted of:

	1999	1998	1997
Federal Income Taxes (Including Foreign Withholding Taxes):			
Current	$ 92,018	$110,226	$ 75,736
Deferred	19,891	4,335	3,683
	111,909	114,561	79,419
State and Local Income Taxes:			
Current	23,168	23,713	24,384
Deferred	4,252	802	286
	27,420	24,515	24,670
Foreign Income Taxes:			
Current	119,469	123,669	90,113
Deferred	(14,827)	(17,109)	3,463
	104,642	106,560	93,576
Total	$243,971	$245,636	$197,665

At December 31, 1999 and 1998 the deferred tax assets/(liabilities) consisted of the following items:

(Dollars in thousands)	1999	1998
Postretirement/postemployment benefits	$ 52,317	$ 49,207
Deferred compensation	4,940	34,285
Pension costs	10,036	13,715
Depreciation	(8,537)	(10,953)
Rent	(8,674)	(6,424)
Interest	4,100	4,598
Accrued reserves	9,399	9,155
Investments in equity securities	(140,320)	(10,677)
Tax loss/tax credit carryforwards	47,783	47,293
Restructuring and other merger related costs	9,497	--
Other	(196)	(6,032)
Total deferred tax assets / (liabilities)	(19,655)	124,167
Deferred tax valuation allowance	26,233	31,411
Net deferred tax assets / (liabilities)	$(45,888)	$ 92,756

The valuation allowance of $26.2 million and $31.4 million at December 31, 1999 and 1998, respectively, represents a provision for uncertainty as to the realization of certain deferred tax assets, including U.S. tax credits and net operating loss carryforwards in certain jurisdictions. The change during 1999 in the deferred tax valuation allowance primarily relates to changes in the deferred compensation tax item, net operating loss carryforwards and tax credits. At December 31, 1999, there were $9.7 million of tax credit carryforwards with expiration periods through 2004 and net operating loss carryforwards with a tax effect of $38.1 million with various expiration periods.

A reconciliation of the effective income tax rate as shown in the consolidated statement of income to the federal statutory rate is as follows:

	1999	1998	1997
Statutory federal income tax rate	35.0%	35.0%	35.0%
State and local income taxes, net of federal income tax benefit	2.8	3.7	4.1
Impact of foreign operations, including withholding taxes	0.8	0.4	0.3
Goodwill and intangible assets	3.6	2.8	2.7
Effect of pooled companies	0.3	(0.8)	2.7
Other	(1.9)	(0.6)	0.1
Effective tax rate	40.6%	40.5%	44.9%

The Company's effective income tax rate was 40.6% in 1999, 40.5% in 1998 and 44.9% in 1997. The higher rate in 1997 was largely attributable to the special compensation charges recorded by Hill Holliday.

As described in Note 4, prior to its acquisition by the Company, Deutsch had elected to be treated as an "S" Corporation and accordingly, its income tax expense was lower than it would have been had Deutsch been treated as an "S" Corporation. Deutsch became a "C" Corporation upon its acquisition by the Company. Assuming Deutsch had been a "C" Corporation since 1997, the pro forma effective tax rate for the Company would have been 41.7%, 40.9% and 45.2% respectively for 1999, 1998 and 1997.

The total amount of undistributed earnings of foreign subsidiaries for income tax purposes was approximately $585 million at December 31, 1999. It is the Company's intention to reinvest undistributed earnings of its foreign subsidiaries and thereby indefinitely postpone their remittance. Accordingly, no provision has been made for foreign withholding taxes or United States income taxes which may become payable if undistributed earnings of foreign subsidiaries were paid as dividends to the Company. The additional taxes on that portion of undistributed earnings which is available for dividends are not practicably determinable.

NOTE 6: SUPPLEMENTAL CASH FLOW INFORMATION

Cash and Cash Equivalents

For purposes of the consolidated statement of cash flows, the Company considers all highly liquid investments with a maturity of three months or less to be cash equivalents.

Income Tax and Interest Payments

Cash paid for income taxes was approximately $186 million, $200 million and $133 million in 1999, 1998 and 1997, respectively. Interest payments were approximately $57 million, $40 million and $32 million in 1999, 1998, and 1997, respectively.

Noncash Financing Activity

During 1997, the Company redeemed all outstanding issues under the 3 3/4% Convertible Subordinated Debentures due 2002. Substantially all of the outstanding debentures were converted into approximately 8.6 million shares of the Company's common stock.

Acquisitions

As more fully described in Note 4, the Company issued 8,393,893 shares, 17,942,578 shares, and 10,518,628 shares of the Company's common stock in connection with acquisitions during 1999, 1998 and 1997, respectively. Details of businesses acquired in transactions accounted for as purchases were as follows:

(Dollars in thousands)

	1999	1998	1997
Fair value of assets acquired	$627,005	$726,601	$303,969
Liabilities assumed	148,637	319,676	90,303
Net assets acquired	478,368	406,925	213,666
Less: noncash consideration	186,210	91,077	96,814
Less: cash acquired	43,752	59,853	6,535
Net cash paid for acquisitions	$248,406	$255,995	$110,317

The amounts shown above exclude future deferred payments due in subsequent years, but include cash deferred payments of $120 million, $55 million and $30 million made during 1999, 1998 and 1997, respectively.

NOTE 7: INCENTIVE PLANS

The 1997 Performance Incentive Plan ("1997 PIP Plan") was approved by the Company's stockholders in May 1997 and includes both stock and cash based incentive awards. The maximum number of shares of the Company's common stock which may be granted in any year under the 1997 PIP Plan is equal to 1.85% of the total number of shares of the Company's common stock outstanding on the first day of the year adjusted for additional shares as defined in the 1997 PIP Plan document (excluding management incentive compensation performance awards). The 1997 PIP Plan also limits the number of shares available with respect to awards made to any one participant as well as limiting the number of shares available under certain awards. Awards made prior to the 1997 PIP Plan remain subject to the respective terms and conditions of the predecessor plans. Except as otherwise noted, awards under the 1997 PIP Plan have terms similar to awards made under the respective predecessor plans.

Stock Options

Outstanding options are generally granted at the fair market value of the Company's common stock on the date of grant and are exercisable as determined by the Compensation Committee of the Board of Directors (the "Committee"). Generally, options become exercisable between two and five years after the date of grant and expire ten years from the grant date.

Following is a summary of stock option transactions during the three-year period ended December 31:

	1999		1998		1997	
(Shares in thousands)	Shares	Weighted Average Exercise Price	Shares	Weighted Average Exercise Price	Shares	Weighted Average Exercise Price
Shares under option, beginning of year	29,505	$ 19	25,466	$ 13	25,230	$ 11
Options granted	4,743	39	8,399	32	4,830	19
Options exercised	(4,497)	11	(3,108)	8	(3,549)	8
Options cancelled	(2,124)	25	(1,252)	15	(1,045)	12
Shares under option, end of year	27,627	$ 23	29,505	$ 19	25,466	$ 13
Options exercisable at year-end	7,955	$ 13	6,954	$ 11	9,158	$ 9

The following table summarizes information about stock options outstanding and exercisable at December 31, 1999:

(Shares in thousands)

Range of Exercise Prices	Number Outstanding at 12/31/99	Weighted-Average Remaining Contractual Life	Weighted-Average Exercise Price	Number Exercisable at 12/31/99	Weighted-Average Exercise Price
$ 4.33 to $9.99	2,990	2	$ 7	2,865	$ 8
10.00 to 14.99	3,422	5	11	3,093	11
15.00 to 24.99	9,996	7	17	1,666	20
25.00 to 56.28	11,220	9	36	612	30

Employee Stock Purchase Plan

Under the Employee Stock Purchase Plan (ESPP), employees may purchase common stock of the Company through payroll deductions not exceeding 10% of their compensation. The price an employee pays for a share of stock is 85% of the market price on the last business day of the month. The Company issued approximately .5 million shares in 1999, 1998, and 1997, respectively, under the ESPP. An additional 15.5 million shares were reserved for issuance at December 31, 1999.

SFAS 123 Disclosures

The Company applies the disclosure principles of Statement of Financial Accounting Standards No. 123 (SFAS 123), "Accounting for Stock-Based Compensation". As permitted by the provisions of SFAS 123, the Company applies APB Opinion 25, "Accounting for Stock Issued to Employees", and related interpretations in accounting for its stock-based employee compensation plans. If compensation cost for the Company's stock option plans and its ESPP had been determined based on the fair value at the grant dates as defined by SFAS 123, the Company's pro forma net income and earnings per share would have been as follows:

(Dollars in Thousands Except Per Share Data)

		1999	1998	1997
Net Income	As reported	$331,287	$339,907	$224,184
	Pro forma	$303,645	$322,084	$211,223
Earnings Per Share				
Basic	As reported	$ 1.11	$ 1.15	$ .79
	Pro forma	$ 1.02	$ 1.09	$ .74
Diluted	As reported	$ 1.07	$ 1.12	$ .76
	Pro forma	$ 0.99	$ 1.06	$ .72

For purposes of this pro forma information, the fair value of shares issued under the ESPP was based on the 15% discount received by employees. The weighted-average fair value (discount) on the date of purchase for stock purchased under this plan was $5.28, $3.82, and $2.68 in 1999, 1998, and 1997, respectively.

The weighted average fair value of options granted during 1999, 1998, and 1997 was $12.94, $8.85, and $5.91, respectively. The fair value of each option grant

has been estimated on the date of grant using the Black-Scholes option-pricing model with the following assumptions:

	1999	1998	1997
Expected option lives	6 years	6 years	6 years
Risk free interest rate	5.72%	4.87%	6.51%
Expected volatility	19.73%	19.17%	19.17%
Dividend yield	.81%	.95%	1.3%

As required by SFAS 123, this pro forma information is based on stock awards beginning in 1995 and accordingly is not likely to be representative of the pro forma effects in future years because options vest over several years and additional awards generally are made each year.

Restricted Stock
Restricted stock issuances are subject to certain restrictions and vesting requirements as determined by the Committee. The vesting period is generally five to seven years. No monetary consideration is paid by a recipient for a restricted stock award and the grant date fair value of these shares is amortized over the restriction periods. At December 31, 1999, there was a total of 7.0 million shares of restricted stock outstanding. During 1999, 1998 and 1997, the Company awarded .9 million shares, 1.3 million shares and 1.4 million shares of restricted stock with a weighted-average grant date fair value of $40.03, $28.99 and $19.48, respectively. The cost recorded for restricted stock awards in 1999, 1998 and 1997 was $25.9 million, $20.3 million, and $16.2 million, respectively.

Performance Units
Performance units have been awarded to certain key employees of the Company and its subsidiaries. The ultimate value of these performance units is contingent upon the annual growth in profits (as defined) of the Company, its operating components or both, over the performance periods. The awards are generally paid in cash. The projected value of these units is accrued by the Company and charged to expense over the performance period. The Company expensed approximately $27 million, $20 million and $20 million in 1999, 1998, and 1997, respectively.

Hill Holliday
Due to the merger of Hill Holliday and the Company, Hill Holliday recognized a one-time compensation charge of approximately $32 million in 1997. Hill Holliday had an Equity Participation Plan and certain other agreements for various members of management, which provided for participants to receive a portion of the proceeds in the event of the sale or merger of Hill Holliday. Also included in the charge were costs primarily relating to consulting and supplemental retirement agreements.

NOTE 8: RETIREMENT PLANS
Defined Benefit Pension Plans
Through March 31, 1998 the Company and certain of its domestic subsidiaries had a defined benefit plan ("Domestic IPG Plan") which covered substantially all regular domestic employees. Effective April 1, 1998 this Plan was curtailed, and participants with five or less years of service became fully vested in the Domestic Plan. Participants with five or more years of service as of March 31, 1998 retain their vested balances and participate in a new compensation plan.

Under the new plan, each participant's account is credited with an annual allocation, equal to the projected discounted pension benefit accrual plus interest, while they continue to work for the Company. Participants in active service are eligible to receive up to ten years of allocations coinciding with the number of years of service with the Company after March 31, 1998. As a result of the change in the Domestic Plan, the Company recorded charges of approximately $16.7 million in the fourth quarter of 1997.

Net periodic pension costs for the Domestic IPG Plan for 1999, 1998 and 1997 were $1.3 million, $.9 million and $15.0 million, respectively. The 1997 net periodic pension cost included a $10 million curtailment charge and $4 million of service costs.

Additionally, NFO maintains a defined benefit plan ("NFO Plan") covering approximately one half of NFO's U.S. employees. The periodic pension costs for this plan for 1999, 1998, and 1997 were $.8 million, $.6 million and $.6 million, respectively.

The Company's stockholders' equity balance includes a minimum pension liability of $18.6 million, $37.2 million and $13.2 million at December 31, 1999, 1998 and 1997, respectively.

The Company also has several foreign pension plans in which benefits are based primarily on years of service and employee compensation. It is the Company's policy to fund these plans in accordance with local laws and income tax regulations.

Net periodic pension costs for foreign pension plans for 1999, 1998 and 1997 included the following components:

(Dollars in thousands)

	1999	1998	1997
Service cost	$ 9,619	$ 6,847	$ 5,460
Interest cost	11,759	10,908	10,633
Expected return on plan assets	(9,380)	(9,437)	(10,537)
Amortization of unrecognized transition obligation	390	373	324
Amortization of prior service cost	833	482	552
Recognized actuarial loss / (gain)	508	(70)	(1,440)
Other	(9)	--	--
Net periodic pension cost	$ 13,720	$ 9,103	$ 4,992

The following table sets forth the change in the benefit obligation, the change in plan assets, the funded status and amounts recognized for the pension plans in the Company's consolidated balance sheet at December 31, 1999, and 1998:

(Dollars in thousands)

	Domestic Pension Plans		Foreign Pension Plans	
	1999	1998	1999	1998
Change in benefit obligation				
Beginning obligation	$ 166,538	$ 141,376	$ 220,964	$ 179,016
Service cost	768	627	9,619	6,847
Interest cost	9,869	10,367	11,759	10,908
Benefits paid	(12,671)	(12,899)	(12,777)	(9,447)
Participant contributions	-	-	2,410	1,606
Actuarial (gains) / losses	(12,626)	27,067	(7,264)	29,882
Currency effect	--	--	1,440	5,245
Other	--	--	352	(3,093)
Ending obligation	151,878	166,538	226,503	220,964
Change in plan assets				
Beginning fair value	129,755	122,157	161,975	145,942
Actual return on plan assets	15,354	12,292	30,651	17,363
Employer contributions	3,072	8,205	7,887	2,473
Participant contributions	--	--	2,410	1,606
Benefits paid	(12,671)	(12,899)	(12,777)	(9,447)
Currency effect	--	--	156	1,300
Other	--	--	2,437	2,738
Ending fair value	135,510	129,755	192,739	161,975
Funded status of the plans	(16,368)	(36,783)	(33,764)	(58,989)
Unrecognized net actuarial loss/(gain)	18,927	38,439	(18,163)	11,536
Unrecognized prior service cost	(13)	(20)	3,704	2,921
Unrecognized transition cost	--	--	1,838	3,796
Net asset/(liability) recognized	$ 2,546	$ 1,636	$ (46,385)	$ (40,736)

At December 31, 1999 and 1998, the assets of the Domestic Plan and the foreign pension plans were primarily invested in fixed income and equity securities.

For the Domestic Plans, discount rates of 7.75% in 1999, 6.75% to 7% in 1998 and 7.25% to 7.5% in 1997 and salary increase assumptions of 4.5% in 1999 (the NFO Plan) 4.5% to 6% in 1998 and 4.75% to 6% in 1997 were used in determining the actuarial present value of the projected benefit obligation. The expected return of Domestic Plan assets was 9% to 9.5% in 1999 and 9% to 10% in each of 1998 and 1997. For the foreign pension plans, discount rates ranging from 3.75% to 14% in 1999, 4% to 14% in 1998, and 3.5% to 14% in 1997 and salary increase assumptions ranging from 3% to 10% in 1999 and 2% to 10% in both 1998 and 1997 were used in determining the actuarial present value of the projected benefit obligation. The expected rates of return on the assets of the foreign pension plans ranged from 2% to 14% in 1999, 2% to 14% in 1998 and 3.5% to 14% in 1997.

The projected benefit obligation, accumulated benefit obligation and fair value of plan assets for the Domestic Plan were $152 million, $152 million and $136 million, respectively, as of December 31, 1999, and $167 million, $167 million, and $130 million, respectively, as of December 31, 1998. The projected benefit obligation, accumulated benefit obligation, and fair value of plan assets for the foreign pension plans with accumulated benefit obligations in excess of plan assets were $90 million, $72 million and $9 million respectively, as of December 31, 1999, and $81 million, $74 million and $3 million respectively, as of December 31, 1998.

Other Benefit Arrangements

The Company also has special unqualified deferred benefit arrangements with certain key employees. Vesting is based upon the age of the employee and the terms of the employee's contract. Life insurance contracts have been purchased in amounts which may be used to fund these arrangements.

In addition to the defined benefit plans described above, the Company also sponsors other defined contribution plans ("Savings Plan") that covers substantially all domestic employees of the Company and participating subsidiaries. The Savings Plan permits participants to make contributions on a pre-tax and/or after-tax basis. The Savings Plan allows participants to choose among several investment alternatives. The Company matches a portion of participants' contributions based upon the number of years of service. The Company contributed $12 million, $9.3 million and $7.2 million to the Savings Plan in 1999, 1998 and 1997, respectively.

Postretirement Benefit Plans

The Company and its subsidiaries provide certain postretirement health care benefits for employees who were in the employ of the Company as of January 1, 1988, and life insurance benefits for employees who were in the employ of the Company as of December 1, 1961. The plans cover certain domestic employees and certain key employees in foreign countries. Effective January 1, 1993, the Company's plan covering postretirement medical benefits was amended to place a cap on annual benefits payable to retirees.

The coverage is self-insured, but is administered by an insurance company.

The Company accrues the expected cost of postretirement benefits other than pensions over the period in which the active employees become eligible for such postretirement benefits.

The net periodic expense for these postretirement benefits for 1999, 1998 and 1997 was $2.2 million, $3 million and $2.8 million, respectively.

The following table sets forth the change in benefit obligation, change in plan assets, funded status and amounts recognized for the Company's postretirement benefit plans in the consolidated balance sheet at December 31, 1999 and 1998:

(Dollars in thousands)

	1999	1998
Change in benefit obligation		
Beginning obligation	$ 41,793	$ 42,863
Service cost	477	785
Interest cost	2,795	3,154
Participant contributions	90	77
Benefits paid	(2,020)	(1,722)
Plan amendments	--	(68)
Actuarial gain	(4,300)	(3,296)
Ending obligation	38,835	41,793
Change in plan assets		
Beginning fair value	--	--
Actual return on plan assets	--	--
Employer contributions	1,930	1,645
Participant contributions	90	77
Benefits paid	(2,020)	(1,722)
Ending fair value	--	--
Funded status of the plans	(38,835)	(41,793)
Unrecognized net actuarial gain	(9,440)	(5,234)
Unrecognized prior service cost	(1,951)	(2,892)
Net amount recognized	$(50,226)	$(49,919)

Discount rates of 7.5% to 7.75% in 1999, 6.75% in 1998 and 7.25% in 1997 and salary increase assumption of 4% to 6% in 1999 and 1998, and 4.75% to 6% in 1997 were used in determining the accumulated postretirement benefit obligation. A 7% to 7.4% and an 8% increase in the cost of covered health care benefits were assumed for 1999 and 1998, respectively. This rate is assumed to decrease incrementally to approximately 5.5% in the year 2002 and remain at that level thereafter. The health care cost trend rate assumption does not have a significant effect on the amounts reported.

Postemployment Benefits

In accordance with SFAS 112 "Employers' Accounting for Postemployment Benefits", the Company accrues costs relating to certain benefits including severance, worker's compensation and health care coverage over an employee's service life.

The Company's liability for postemployment benefits totaled approximately $64 million and $50 million at December 31, 1999 and 1998, respectively, and is included in deferred compensation and reserve for termination allowances. The net periodic expense recognized in 1999, 1998 and 1997 was approximately $34 million, $32 million and $31 million, respectively.

NOTE 9: SHORT-TERM BORROWINGS

The Company and its domestic subsidiaries have lines of credit with various banks. These credit lines permit borrowings at fluctuating interest rates determined by the banks. Short-term borrowings by subsidiaries outside the United States principally consist of drawings against bank overdraft facilities and lines of credit. These borrowings bear interest at the prevailing local rates. Where required, the Company has guaranteed the repayment of these borrowings. Unused lines of credit by the Company and its subsidiaries at December 31, 1999 and 1998 aggregated $430 million and $458 million, respectively. The weighted-average interest rate on outstanding balances at December 31, 1999 was approximately 5.8%. Current maturities of long-term debt are included in the payable to banks balance.

NOTE 10: LONG-TERM DEBT

Long-term debt at December 31 consisted of the following:

(Dollars in thousands)

	1999	1998
Convertible Subordinated Notes - 1.87%	$ 304,076	$ --
Convertible Subordinated Notes - 1.80%	214,414	207,927
Term loans - 4.20% to 7.91% (6.45% to 7.91% in 1998)	289,621	280,320
Senior Notes Payable to Banks under a Revolving Credit Agreement Due March 2003 - 4.3% to 6.9%	35,603	53,045
Senior Notes Payable - 6.83% to 7.52%	102,000	95,000
Subordinated Notes - 9.84%	25,000	17,000
Germany mortgage note payable - 7.64%	26,779	31,680
Other mortgage notes payable and long-term loans - 2.80% to 9.84%	75,026	44,370
	1,072,519	729,342
Less: current portion	23,912	22,898
Long-term debt	$1,048,607	$706,444

On June 1, 1999, the Company issued $361 million face amount of Convertible Subordinated Notes due 2006. The 2006 notes were issued at an original price of 83% of the face amount, generating proceeds of approximately $300 million. The notes are convertible into 6.4 million shares of the Company's common stock at a conversion rate of 17.616 shares per $1,000 face amount. The fair value of the 2006 notes as of December 31, 1999, was approximately $416 million and was determined by obtaining quotes from brokers.

On September 16, 1997, the Company issued $250 million face amount of Convertible Subordinated Notes due 2004 ("2004 Notes") with a coupon rate of 1.80%. The 2004 Notes were issued at an original price of 80% of the face amount, generating proceeds of approximately $200 million. The notes are convertible into 6.7 million shares of the Company's common stock at a conversion rate of 26.772 shares per $1,000 face amount. The fair value of the 2004 Notes as of December 31, 1999 was approximately $392 million and was determined by obtaining quotes from brokers.

On March 9, 1998, the Company entered into a $75 million revolving credit agreement. The $75 million revolving credit facility has an ultimate maturity date of March 2003 and enables the Company to borrow in multiple currencies at interest rates tied to LIBOR or the prime rate, at its option.

In conjunction with the Infratest Burke acquisition and the financing thereof, the Company amended its $75 million revolving credit facility and its $40 million Senior Notes, each originally dated March 9, 1998. The amendments provide, among other things, that the Company obligations will be guaranteed by certain subsidiaries of the Company. In addition, the amendments increased the rates at which interest annually accrues under the obligations from 6.43% to 6.83%.

The Senior Notes Payable consist of four private placements of $40 million Senior Notes both dated March 9, 1998 due March 1, 2008, $17 million Series A

Senior Notes and $38 million Series B Senior Notes dated November 20, 1998 due November 15, 2005 and November 15, 2008, respectively, and $7 million Series B Senior Notes dated March 26 due November 15, 2008.

The Subordinated Notes consist of the private placement of $8 million on March 26, 1999, and $17 million on November 20, 1998. The Subordinated Notes bear interest at the fixed annual rate of 9.84%, mature November 15, 2008, and are repayable in equal annual installments of $8.3 million beginning in 2006.

Under various loan agreements, the Company must maintain specified levels of net worth and meet certain cash flow requirements and is limited in the level of indebtedness. The Company has complied with the limitations under the terms of these loan agreements.

Long-term debt maturing over the next five years and thereafter is as follows: 2000-$24 million; 2001-$44.8 million; 2002-$113.8 million; 2003-$83.4 million; 2004-$277.9 million, and $528.6 million thereafter.

See Note 13 for discussion of fair market value of the Company's long-term debt.

NOTE 11: RESTRUCTURING AND OTHER MERGER RELATED COSTS

In October 1999, the Company announced the merger of two of its advertising networks. The networks affected, Lowe & Partners Worldwide and Ammirati Puris Lintas were combined to form a new agency network called Lowe Lintas & Partners Worldwide. The merger involves the consolidation of operations in Lowe Lintas agencies in approximately 24 cities in 22 countries around the world. Once complete, the newly merged agency network will have offices in over 80 countries around the world.

During the fourth quarter of 1999, the Company began execution of a comprehensive restructuring plan in connection with the merger. The plan includes headcount reductions, consolidation of real estate and the sale or disposition of certain investments, and is expected to be completed by June 30, 2000. The Company is pleased with the progress of the merger to date and expects the total costs to be in line with its original estimate.

The total pre-tax cost of the restructuring plan is expected to be between $170 and $190 million, ($100 to $115 million, net of tax). In the fourth quarter of 1999, the Company recognized pre-tax costs of $84.2 million ($51.4 million, net of tax or $.17 per diluted share), with the remainder expected to be recognized in the first two quarters of 2000.

A summary of the components of the total restructuring and other merger related costs, together with an analysis of the cash and non-cash elements, is as follows:

(Dollars in millions)

	1999	Cash	Non-Cash
TOTAL BY TYPE			
Severance and termination costs	$44.9	$27.0	$17.9
Fixed asset write-offs	11.1	--	11.1
Lease termination costs	3.8	3.8	--
Investment write-offs and other	24.4	1.1	23.3
Total	$84.2	$31.9	$52.3

The severance and termination costs recorded in 1999 relate to approximately 230 employees who have been terminated or notified that they will be terminated. The employee groups affected include executive and regional management, administrative, account management, creative and media production personnel, principally in the U.S. and U.K. The charge related to these individuals includes the cost of voluntary programs in certain locations and includes substantially all senior executives that will be terminated. As of December 31, 1999, the amount accrued related to severance and termination was approximately $42.6 million. During the fourth quarter of 1999, cash payments of $2.3 million were made.

The fixed assets write-off relates largely to the abandonment of leasehold improvements as part of the merger. The amount recognized in 1999 relates to fixed asset write-offs in 6 offices principally in the United States.

Lease termination costs relate to the offices vacated as part of the merger. The lease terminations are expected to be completed by mid-to-late 2000, with the cash portion to be paid out over a period of up to five years. As of December 31, 1999, the amount accrued related to these termination costs was $3.8 million.

The investment write-offs relate to the loss on sale or closing of certain business units. In 1999, $23 million has been recorded as a result of the decision to sell or abandon 4 European businesses. In the aggregate, the businesses being sold or abandoned represent an immaterial portion of the revenue and operations of Lowe Lintas & Partners. The write-off amount was computed based upon the difference between the estimated sales proceeds (if any) and the carrying value of the related assets. These sales or closures are expected to be completed by mid 2000.

NOTE 12: GEOGRAPHIC AREAS

Long-lived assets and revenue are presented below by major geographic area:

(Dollars in thousands)

	1999	1998	1997
Long-Lived Assets:			
United States	$1,784,072	$1,198,067	$ 918,674
International			
United Kingdom	477,774	393,348	215,963
All other Europe	685,521	641,895	505,797
Asia Pacific	151,083	141,113	94,432
Latin America	79,401	58,134	51,790
Other	76,269	50,853	42,041
Total International	1,470,048	1,285,343	910,023
Total Consolidated	$3,254,120	$2,483,410	$1,828,697
Revenue:			
United States	$2,560,161	$2,158,777	$1,852,959
International			
United Kingdom	527,250	450,103	353,086
All other Europe	1,140,532	902,602	748,720
Asia Pacific	346,205	325,758	348,707
Latin America	213,260	232,940	204,894
Other	190,415	148,477	102,340
Total International	2,417,662	2,059,880	1,757,747
Total Consolidated	$4,977,823	$4,218,657	$3,610,706

Revenue is attributed to geographic areas based on where the services are performed. Property and equipment is allocated based upon physical location. Intangible assets, other assets, and investments are allocated based on the location of the related operation.

The largest client of the Company contributed approximately 7% in 1999, 7% in 1998 and 9% in 1997 to revenue. The Company's second largest client contributed approximately 4% in 1999, 4% in 1998 and 4% in 1997 to revenue.

Dividends received from foreign subsidiaries were approximately $47 million in 1999, $51 million in 1998 and $41 million in 1997.

Consolidated net income includes losses from exchange and translation of foreign currencies of $5.6 million, $3.2 million and $5.6 million in 1999, 1998 and 1997, respectively.

NOTE 13: FINANCIAL INSTRUMENTS

Financial assets, which include cash and cash equivalents, marketable securities and receivables, have carrying values which approximate fair value. Long-term equity securities, included in other investments and miscellaneous assets in the Consolidated Balance Sheet, are deemed to be available-for-sale as defined by SFAS 115 and accordingly are reported at fair value, with net unrealized gains and losses reported within stockholders' equity.

The following table summarizes net unrealized gains and losses before taxes at December 31:

(Dollars in millions)

	1999	1998	1997
Cost	$172.3	$121.3	$61.1
Unrealized gains / (losses)			
- gains	302.3	20.2	22.0
- losses	(12.2)	(1.5)	--
Net unrealized gains	290.1	18.7	22.0
Fair market value	$462.4	$140.0	$83.1

Net of tax, net unrealized holding gains were $168 million, $10 million and $12 million at December 31, 1999, 1998 and 1997, respectively.

The above pre-tax gain amounts are net of reclassifications of $13.1 million and $6.5 million in 1999 and 1998, which represent amounts previously recorded in other comprehensive income.

During 1999, the Company expanded its investment in internet-service and related companies. In April 1999, the Company invested $20 million for a minority interest in Icon, a Swedish based internet consultancy. Subsequently, the Company increased its investment through the contribution of other investments and through additional cash purchases. At December 31, 1999, the fair market value of the Company's investment in Icon was $322 million.

Financial liabilities with carrying values approximating fair value include accounts payable and accrued expenses, as well as payable to banks and long-term debt. As of December 31, 1999, the 1.87% Convertible Subordinated Notes due 2006 had a cost basis of $304 million with a market value of $416 million. As of December 31, 1999, the 1.80% Convertible Subordinated Notes due 2004 had a cost basis of $214 million with a market value of $392 million. As of December 31, 1998, the cost basis of the 1.80% Convertible Subordinated Notes were $208 million with a market value of $283 million. The fair values were determined by obtaining quotes from brokers (refer to Note 10 for additional information on long-term debt). As of December 31, 1999, the 6.83% to 7.52% Notes Payable had a total cost basis of $102 million with a market value of $88 million. As of December 31, 1998, the 4.3% to 7.52% Notes Payable had a total cost basis approximately the same as the market value. The fair value was determined by using the expected future cash flows discounted at market interest rates as adjusted for conversion privileges.

The Company occasionally uses forwards and options to hedge a portion of its net investment in foreign subsidiaries and certain intercompany transactions in order to mitigate the impact of changes in foreign exchange rates on working capital. The notional value and fair value of all outstanding forwards and options contracts at the end of the year as well as the net cost of all settled contracts during the year were not significant.

The Company's management continuously evaluates and attempts to mitigate its exposure to foreign exchange, economic and political risks. The economic developments in Brazil did not have a significant negative impact on the Company, and were partially offset by a favorable impact due to the economic recovery in Japan.

NOTE 14: COMMITMENTS AND CONTINGENCIES

At December 31, 1999 the Company's subsidiaries operating primarily outside the United States were contingently liable for discounted notes receivable of $7.4 million.

The Company and its subsidiaries lease certain facilities and equipment. Gross rental expense amounted to approximately $293 million for 1999, $257 million for 1998 and $225 million for 1997, which was reduced by sublease income of $17.2 million in 1999, $16.4 million in 1998 and $30.7 million in 1997.

Minimum rental commitments for the rental of office premises and equipment under noncancellable leases, some of which provide for rental adjustments due to increased property taxes and operating costs for 2000 and thereafter, are as follows:

(Dollars in thousands)

Period	Gross Rental Commitment	Sublease Income
2000	$198,255	$17,745
2001	174,910	15,180
2002	146,225	10,224
2003	116,207	6,335
2004	98,444	1,390
2005 and thereafter	391,697	2,014

Certain of the Company's acquisition agreements provide for deferred payments by the Company, contingent upon future revenues or profits of the companies acquired. Such contingent amounts would not be material taking into account the future revenues or profits of the companies acquired.

The Company and certain of its subsidiaries are party to various tax examinations, some of which have resulted in assessments. The Company intends to vigorously defend any and all assessments and believes that additional taxes (if any) that may ultimately result from the settlement of such assessments or open examinations would not have a material adverse effect on the consolidated financial statements.

The Company is involved in legal and administrative proceedings of various types. While any litigation contains an element of uncertainty, the Company believes that the outcome of such proceedings or claims will not have a material adverse effect on the Company.

NOTE 15: NFO ACQUISITION

In April 2000, the Company acquired NFO in a transaction accounted for as a pooling of interests. The results of NFO and several other recent acquisitions have been included in previously restated financial statements.

NOTE 16: RECENT EVENTS

In November 2000, the Company acquired Deutsch in a transaction accounted for as a pooling of interests. Approximately 6 million shares were issued to acquire Deutsch. The Company's consolidated financial statements have been restated as of the earliest period presented to include the results of operations, financial position and cash flows of Deutsch.

SELECTED FINANCIAL DATA FOR FIVE YEARS
(Amounts in Thousands Except Per Share Data)

	1999	1998	1997	1996	1995
OPERATING DATA					
Revenue	$ 4,977,823	$ 4,218,657	$ 3,610,706	$ 3,053,926	$ 2,650,192
Operating expenses	4,315,144	3,646,061	3,195,564	2,695,038	2,353,970
Restructuring and other merger related costs	84,183	--	--	--	--
Write-down of goodwill and other related assets	--	--	--	--	38,687
Special compensation charge	--	--	32,229	--	--
Interest expense	81,341	64,296	59,820	53,321	49,105
Provision for income taxes	243,971	245,636	197,665	166,244	133,941
Net Income	$ 331,287	$ 339,907	$ 224,184	$ 228,914	$ 145,975
PER SHARE DATA					
Basic					
Net Income	$ 1.11	$ 1.15	$ .79	$ .81	$ .52
Weighted-average shares	297,992	294,756	283,796	284,219	278,303
Diluted					
Net Income	$ 1.07	$ 1.12	$ .76	$ .78	$ .51
Weighted-average shares	308,840	305,134	301,602	300,802	286,307
FINANCIAL POSITION					
Working capital	$ 170,976	$ 96,881	$ 244,361	$ 149,919	$ 118,147
Total assets	$ 9,247,044	$ 7,526,563	$ 6,254,577	$ 5,253,456	$ 4,721,440
Total long-term debt	$ 1,048,607	$ 706,444	$ 554,550	$ 423,459	$ 363,966
Book value per share	$ 5.75	$ 4.71	$ 3.79	$ 3.34	$ 2.79
OTHER DATA					
Cash dividends - Interpublic	$ 90,424	$ 76,894	$ 61,242	$ 51,786	$ 46,124
Cash dividends per share - Interpublic	$ .33	$ .29	$ .25	$ .22	$ .20
Number of employees	42,400	38,100	33,000	27,000	25,200

All data has been restated to reflect the aggregate effect of the acquisitions accounted for as poolings of interests. (See Notes 15 and 16).

All share data for prior periods have been adjusted to reflect the two-for-one stock split effective July 15, 1999.

RESULTS BY QUARTER (UNAUDITED)
(Amounts in Thousands Except Per Share Data)

	1st Quarter 1999	1st Quarter 1998	2nd Quarter 1999	2nd Quarter 1998	3rd Quarter 1999	3rd Quarter 1998	4th Quarter 1999	4th Quarter 1998
Revenue	$1,037,860	$ 883,615	$1,249,641	$1,094,214	$1,172,875	$ 983,263	$1,517,447	$1,257,565
Operating expenses	944,013	810,382	995,159	876,417	1,038,041	878,462	1,337,931	1,080,800
Restructuring and other merger related charges	--	--	--	--	--	--	84,183	--
Income from operations	93,847	73,233	254,482	217,797	134,834	104,801	95,333	176,765
Interest expense	(17,475)	(13,524)	(20,591)	(15,809)	(21,714)	(17,175)	(21,561)	(17,788)
Other income, net	12,884	11,048	29,213	24,391	15,151	15,173	46,314	47,943
Income before provision for income taxes	89,256	70,757	263,104	226,379	128,271	102,799	120,086	206,920
Provision for income taxes	35,765	26,663	104,208	91,345	52,295	42,407	51,703	85,221
Net equity interests	(2,386)	(2,405)	(6,203)	(5,231)	(4,364)	(4,072)	(12,506)	(9,604)
Net income	$ 51,105	$ 41,689	$ 152,693	$ 129,803	$ 71,612	$ 56,320	$ 55,877	$ 112,095
Per share data:								
Basic EPS	$ .17	$ .14	$ .51	$ .44	$ .24	$ .19	$ .19	$ .38
Diluted EPS	$ .17	$ .14	$ .49	$ .42	$ .23	$ .19	$ .18	$ .37
Cash dividends per share - Interpublic	$ .075	$ .065	$ .085	$ .075	$ .085	$ .075	$ .085	$ .075
Weighted-Average Shares:								
Basic	296,457	293,959	298,126	295,248	298,688	294,766	298,698	295,051
Diluted	307,701	304,461	317,381	313,057	309,298	304,497	309,790	311,926
Stock price:								
High	$40	$31 5/16	$43 5/16	$32 1/4	$44 1/16	$32 7/16	$58 1/16	$39 7/8
Low	$34 7/8	$23 27/32	$34 19/32	$ 27 21/32	$36 1/2	$26 3/32	$35 3/4	$23 1/2

All data has been restated to reflect the aggregate effect of the acquisitions accounted for as poolings of interests. (See Notes 15 and 16).

All share data for 1998 has been adjusted to reflect the two-for-one stock split effective July 15, 1999.

SCHEDULE VIII

THE INTERPUBLIC GROUP OF COMPANIES, INC. AND ITS SUBSIDIARIES
VALUATION AND QUALIFYING ACCOUNTS

For the Years Ended December 31, 1999, 1998 and 1997

(Dollars in thousands)

COLUMN A	COLUMN B	COLUMN C	COLUMN D	COLUMN E	COLUMN F
		Additions/(Deductions)			
Description	Balance at Beginning of Period	Charged to Costs & Expenses	Charged to Other Accounts- Describe	Deductions- Describe	Balance at End of Period
Allowance for Doubtful Accounts - deducted from Receivables in the Consolidated Balance Sheet:					
1999	$54,060	$24,013	$5,148(1) 2,934(5)	$(23,765)(3) (1,215)(2) (610)(4)	$60,565
1998	$44,581	$20,421	$6,699(1) 2,111(5) 596(2)	$(17,038)(3) (3,310)(4)	$54,060
1997	$37,496	$16,904	$2,256(1) 848(5)	$ (2,680)(2) (7,869)(3) (2,374)(4)	$44,581

[FN]

(1) Allowance for doubtful accounts of acquired and newly consolidated companies.
(2) Foreign currency translation adjustment.
(3) Principally amounts written off.
(4) Reversal of previously recorded allowances on accounts receivable.
(5) Miscellaneous.

THE INTERPUBLIC GROUP OF COMPANIES, INC. AND ITS SUBSIDIARIES
SUPPLEMENTAL CONSOLIDATED BALANCE SHEET
(Dollars in Thousands)
ASSETS

	September 30, 2000 (unaudited)	December 31, 1999
CURRENT ASSETS:		
Cash and cash equivalents (includes certificates of deposit: 2000-$72,593; 1999-$150,343)	$ 587,916	$1,029,076
Marketable securities	42,893	36,765
Receivables (net of allowance for doubtful accounts: 2000-$68,536; 1999-$60,565)	4,443,452	4,442,229
Expenditures billable to clients	457,838	337,769
Prepaid expenses and other current assets	195,738	147,085
Total current assets	5,727,837	5,992,924
OTHER ASSETS:		
Investment in unconsolidated affiliates	87,101	62,225
Deferred taxes on income	76,185	--
Other investments and miscellaneous assets	607,739	719,024
Total other assets	771,025	781,249
FIXED ASSETS, at cost:		
Land and buildings	151,787	164,678
Furniture and equipment	855,691	783,698
	1,007,478	948,376
Less: accumulated depreciation	(556,058)	(506,975)
	451,420	441,401
Unamortized leasehold improvements	172,907	151,870
Total fixed assets	624,327	593,271
INTANGIBLE ASSETS (net of accumulated amortization: 2000-$684,892; 1999-$607,417)	2,536,326	1,879,600
TOTAL ASSETS	$9,659,515	$9,247,044

THE INTERPUBLIC GROUP OF COMPANIES, INC. AND ITS SUBSIDIARIES
SUPPLEMENTAL CONSOLIDATED BALANCE SHEET
(Dollars in Thousands Except Per Share Data)
LIABILITIES AND STOCKHOLDERS' EQUITY

	September 30, 2000 (unaudited)	December 31, 1999
CURRENT LIABILITIES:		
Payable to banks	$ 445,800	$ 262,483
Accounts payable	4,212,458	4,629,415
Accrued expenses	727,990	769,566
Accrued income taxes	156,457	160,484
Total current liabilities	5,542,705	5,821,948
NONCURRENT LIABILITIES:		
Long-term debt	1,128,326	530,117
Convertible subordinated debentures and notes	529,375	518,490
Deferred compensation and reserve for termination allowances	373,109	348,172
Deferred taxes on income	--	45,888
Accrued postretirement benefits	50,701	50,226
Other noncurrent liabilities	80,066	86,127
Minority interests in consolidated subsidiaries	77,397	81,612
Total noncurrent liabilities	2,238,974	1,660,632
STOCKHOLDERS' EQUITY:		
Preferred Stock, no par value shares authorized: 20,000,000 shares issued: none		
Common Stock, $.10 par value shares authorized: 550,000,000 shares issued: 2000 - 318,990,931; 1999 - 315,921,839	31,899	31,592
Additional paid-in capital	907,547	783,897
Retained earnings	1,555,818	1,392,224
Accumulated other comprehensive loss, net of tax	(331,853)	(76,695)
	2,163,411	2,131,018
Less:		
Treasury stock, at cost: 2000 - 5,593,450 shares; 1999 - 8,909,904 shares	177,670	289,519
Unamortized expense of restricted stock grants	107,905	77,035
Total stockholders' equity	1,877,836	1,764,464
Commitments and contingencies		
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$9,659,515	$9,247,044

All prior periods have been restated to reflect the aggregate effect of acquisitions accounted for as poolings of interests. (See Note (a))

The accompanying notes are an integral part of these consolidated financial statements.

THE INTERPUBLIC GROUP OF COMPANIES, INC. AND ITS SUBSIDIARIES
SUPPLEMENTAL CONSOLIDATED STATEMENT OF INCOME
THREE MONTHS ENDED SEPTEMBER 30
(Amounts in Thousands Except Per Share Data)
(unaudited)

	2000	1999
Revenue	$ 1,353,081	$ 1,172,875
Salaries and related expenses	767,575	670,517
Office and general expenses	380,905	346,240
Amortization of intangible assets	30,101	21,284
Restructuring and other merger related costs	27,305	-
Total operating expenses	1,205,886	1,038,041
Income from operations	147,195	134,834
Interest expense	(32,339)	(21,714)
Other income, net	16,676	15,151
Income before provision for income taxes	131,532	128,271
Provision for income taxes	53,298	52,295
Income of consolidated companies	78,234	75,976
Income applicable to minority interests	(10,012)	(6,288)
Equity in net income of unconsolidated affiliates	1,856	1,924
Net income	$ 70,078	$ 71,612
Weighted average shares:		
Basic	305,929	298,688
Diluted	314,958	309,298
Earnings Per Share:		
Basic	$ .23	$ .24
Diluted	$ .22	$ .23
Dividends per share	$ .095	$ .085

All prior periods have been restated to reflect the aggregate effect of acquisitions accounted for as poolings of interests. (See Note (a))

The accompanying notes are an integral part of these consolidated financial statements.

THE INTERPUBLIC GROUP OF COMPANIES, INC. AND ITS SUBSIDIARIES
SUPPLEMENTAL CONSOLIDATED INCOME STATEMENT
NINE MONTHS ENDED SEPTEMBER 30
(Dollars in Thousands Except Per Share Data)
(unaudited)

	2000	1999
Revenue	$ 4,024,984	$ 3,460,376
Salaries and related expenses	2,207,549	1,898,437
Office and general expenses	1,148,757	1,021,174
Amortization of intangible assets	77,475	57,602
Restructuring and other merger related costs	116,131	-
Total operating expenses	3,549,912	2,977,213
Income from operations	475,072	483,163
Interest expense	(74,835)	(59,780)
Other income, net	62,961	57,248
Income before provision for income taxes	463,198	480,631
Provision for income taxes	190,245	192,268
Income of consolidated companies	272,953	288,363
Income applicable to minority interests	(25,721)	(19,044)
Equity in net income of unconsolidated affiliates	8,242	6,091
Net income	$ 255,474	$ 275,410
Weighted average shares:		
Basic	302,038	297,757
Diluted	311,863	315,215
Earnings Per Share:		
Basic	$ .85	$ .92
Diluted	$ .82	$ .89
Dividends per share	$ .275	$ .245

All prior periods have been restated to reflect the aggregate effect of acquisitions accounted for as poolings of interests. (See Note (a))

The accompanying notes are an integral part of these consolidated financial statements.

THE INTERPUBLIC GROUP OF COMPANIES, INC. AND ITS SUBSIDIARIES
SUPPLEMENTAL CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (LOSS)
THREE MONTHS ENDED SEPTEMBER 30
(Dollars in Thousands)

(unaudited)

	2000	1999
Net Income	$ 70,078	$ 71,612
Other Comprehensive Income (Loss), net of tax:		
Foreign Currency Translation Adjustments	(36,296)	15,908
Net Unrealized Gain on Securities	2,305	25,293
Other Comprehensive Income (Loss)	(33,991)	41,201
Comprehensive Income	$ 36,087	$112,813

All prior periods have been restated to reflect the aggregate effect of acquisitions accounted for as poolings of interests. (See Note (a))

The accompanying notes are an integral part of these consolidated financial statements.

THE INTERPUBLIC GROUP OF COMPANIES, INC. AND ITS SUBSIDIARIES
SUPPLEMENTAL CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (LOSS)
NINE MONTHS ENDED SEPTEMBER 30
(Dollars in Thousands)
(unaudited)

	2000	1999
Net Income	$255,474	$275,410
Other Comprehensive Income (Loss), net of tax:		
Foreign Currency Translation Adjustments	(112,039)	(70,154)
Net Unrealized Gain (Loss) on Securities	(143,119)	24,614
Other Comprehensive Loss	(255,158)	(45,540)
Comprehensive Income (Loss)	$ 316	$ 229,870

All prior periods have been restated to reflect the aggregate effect of acquisitions accounted for as poolings of interests. (See Note (a))

The accompanying notes are an integral part of these consolidated financial statements.

THE INTERPUBLIC GROUP OF COMPANIES, INC. AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENT OF CASH FLOWS
NINE MONTHS ENDED SEPTEMBER 30
(Dollars in Thousands)
(unaudited)

	2000	1999
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	$ 255,474	$ 275,410
Adjustments to reconcile net income to cash (used in) provided by operating activities:		
Depreciation and amortization of fixed assets	111,733	88,092
Amortization of intangible assets	77,475	57,601
Amortization of restricted stock awards	27,197	19,067
Equity in net income of unconsolidated affiliates	(8,241)	(6,091)
Income applicable to minority interests	25,721	19,044
Translation losses	1,326	1,183
Net gain from sale of investments	(12,275)	(21,734)
Restructuring charges, non cash	32,100	--
Miscellaneous other (grouped into "Accounts Payable and Other Liabilities")	(19,812)	(17,384)
Changes in assets and liabilities, net of acquisitions:		
Receivables	(84,688)	(393,235)
Expenditures billable to clients	(111,236)	(94,711)
Prepaid expenses and other assets	(50,854)	(21,300)
Accounts payable and other liabilities	(419,751)	165,310
Accrued income taxes	3,856	7,570
Deferred income taxes	(20,813)	(7,881)
Deferred compensation and reserve for termination allowances	34,391	11,202
Net cash (used in) provided by operating activities	(158,397)	82,143
CASH FLOWS FROM INVESTING ACTIVITIES:		
Acquisitions	(439,229)	(182,206)
Proceeds from sale of investments/assets	14,142	39,738
Capital expenditures	(153,906)	(110,068)
Net purchases of marketable securities	(10,630)	(17,174)
Dividends received from investments	44	--
Other investments and miscellaneous assets	(163,141)	10,358
Investments in unconsolidated affiliates	(29,444)	(8,251)
Net cash used in investing activities	(782,164)	(267,603)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Increase in short-term borrowings	159,570	41,488
Proceeds from long-term debt	859,850	405,412
Payments of long-term debt	(228,301)	(56,873)
Treasury stock acquired	(182,040)	(209,024)
Issuance of common stock	36,192	54,295
Cash dividends - pooled	(11,424)	(7,550)
Cash dividends - Interpublic	(80,436)	(67,534)
Net cash provided by financing activities	553,411	160,214
Effect of exchange rates on cash and cash equivalents	(54,010)	(31,183)
Decrease in cash and cash equivalents	(441,160)	(56,429)
Cash and cash equivalents at beginning of year	1,029,076	801,207
Cash and cash equivalents at end of period	$ 587,916	$ 744,778

All prior periods have been restated to reflect the aggregate effect of acquisitions accounted for as poolings of interests. (See Note (a))

The accompanying notes are an integral part of these consolidated financial statements.

THE INTERPUBLIC GROUP OF COMPANIES, INC. AND ITS SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

1. Consolidated Financial Statements

(a) In the opinion of management, the consolidated balance sheet as of September 30, 2000, the consolidated income statements for the three months and nine months ended September 30, 2000 and 1999, the consolidated statement of comprehensive income for the three months and nine months ended September 30, 2000 and 1999, and the consolidated statement of cash flows for the nine months ended September 30, 2000 and 1999, contain all adjustments (which include only normal recurring adjustments) necessary to present fairly the financial position, results of operations and cash flows at September 30, 2000 and for all periods presented. Certain information and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles have been omitted. It is suggested that these consolidated financial statements be read in conjunction with the consolidated financial statements and notes thereto included in The Interpublic Group of Companies, Inc.'s (the "Company") December 31, 1999 annual report to stockholders and the consolidated financial statements and notes thereto included in the Company's Current Report on Form 8-K dated September 15, 2000.

The Company's consolidated financial statements, including the related notes, have been restated for the prior periods presented to include the results of operations, financial position and cash flows of Deutsch, Inc. and affiliate companies ("Deutsch"). (See Note (b)). Additionally, the results of several other recent acquisitions, including NFO Worldwide, Inc. ("NFO"), all of which have been accounted for as poolings of interests, have been included in previously restated financial statements. Other than Deutsch and NFO, none of the acquisitions was individually, or in aggregate, material.

The accompanying income statements have been prepared in a format different than that used in the originally filed Form 10-Q for the quarterly period ended September 30, 1999. The accompanying financial statements include the line - "Income from operations". Amounts previously included in "Other income, net" as part of "Gross Income" are now included elsewhere in the Consolidated Statement of Income.

(b) In November 2000, the Company issued approximately 6 million shares of its common stock in connection with the acquisition of Deutsch. In April 2000, the Company issued approximately 12.6 million shares of its common stock in connection with the acquisition of NFO. Both of these acquisitions have been accounted for as poolings of interests.

(c) During the third quarter, the Company recorded pre-tax restructuring and other merger related costs of $27.3 million ($17.2 million net of tax). For the nine months ended September 30, 2000, the Company recorded pre-tax restructuring and other merger related costs of $116.1 million ($72.9 million net of tax). Of the total pre-tax restructuring and other merger related costs, cash charges represented $14.8 million and $84 million for the three months and nine months ended September 30, 2000, respectively. The key components of the charge were the costs associated with the restructuring of Lowe Lintas & Partners Worldwide. The remaining costs relate principally to transaction and other merger related costs arising from the previously announced merger with NFO.

Lowe Lintas & Partners

In October 1999, the Company announced the merger of two of its advertising networks. The networks affected, Lowe & Partners Worldwide and Ammirati Puris Lintas, were combined to form a new agency network called Lowe Lintas & Partners Worldwide. The merger involved the consolidation of operations in Lowe Lintas agencies in approximately 24 cities in 22 countries around the world. The newly merged agency network has offices in over 80 countries around the world. As of September 30, 2000, all restructuring activities have been completed.

A summary of the components of the reserve for restructuring and other merger related costs for Lowe Lintas is as follows:

(Dollars in millions)

	Balance at 12/31/99	Year to Date September 30, 2000 Expense recognized	Cash Paid	Asset Write-offs	Balance at 9/30/00
TOTAL BY TYPE					
Severance and termination costs	$43.6	$32.0	$24.6	--	$51.0
Fixed asset write-offs	11.1	14.2	--	25.3	--
Lease termination costs	3.8	21.1	7.6	--	17.3
Investment write-offs and other	23.4	20.5	6.4	37.5	--
Total	$81.9	$87.8	$38.6	$62.8	$68.3

The severance and termination costs recorded in 2000 relate to approximately 360 employees who have been terminated or notified that they will be terminated. The employee groups affected include management, administrative, account management, creative and media production personnel, principally in the U.S. and several European countries.

The fixed asset write-offs relate largely to the abandonment of leasehold improvements as part of the merger. The amount recognized in 2000 relates to fixed asset write-offs in 4 offices, the largest of which is in the U.K.

Lease termination costs relate to the offices vacated as part of the merger. The lease terminations are substantially complete, with the cash portion to be paid out over a period of up to five years.

The investment write-offs relate to the loss on sale or closing of certain business units. In 2000, $12.7 million of investment write-offs has been recorded, the majority of which results from the decision to sell or abandon 3 businesses located in Asia and Europe. In the aggregate, the businesses being sold or abandoned represent an immaterial portion of the revenue and operations of Lowe Lintas & Partners. The write-off amount was computed based upon the difference between the estimated sales proceeds (if any) and the carrying value of the related assets.

NFO and Other Merger Related Costs

In addition to the restructuring and other merger related costs noted above, additional charges, substantially all of which were cash costs, were recorded through September 30, 2000. These costs relate principally to the non-recurring transaction and other merger related costs arising from the recently completed acquisition of NFO. (See Note (b)).

(d) In addition to the acquisition mentioned in (b), the Company has made several other acquisitions in 2000, including Nationwide Advertising Services, Waylon Promotions, Inc. and substantial assets of the Communications Division of Caribiner International, Inc. The acquisitions have been accounted for as purchases.

(e) On June 27, 2000, the Company entered into a syndicated multi-currency credit agreement under which a total of $750 million may be borrowed; $375 million may be borrowed under a 364-day facility and $375 million under a five-year facility. The facilities bear interest at variable rates based on either LIBOR or a bank's base rates, at the Company's option. As of September 30, 2000, approximately $534 million had been borrowed under the facilities. The weighted-average interest rate on the borrowings at September 30, 2000 was 6.4%. The proceeds from the syndicated credit agreement were used to refinance borrowings and for general corporate purposes including acquisitions and other investments. Some of the pre-existing borrowing facilities were subsequently terminated.

On August 25, 2000, the Company entered into a revolving credit facility under which up to $250 million may be borrowed. The facility expires on November 30, 2000, and bears interest at variable rates based on either LIBOR, a bank's base rates or money market rates, at the Company's option. The Company used the proceeds to refinance borrowings and for general corporate purposes, including acquisitions and other investments.

On October 20, 2000, the Company completed the issuance and sale of $500 million principal amount of senior unsecured notes due 2005. The notes bear an interest rate of 7.875% per annum. The Company used the net proceeds of approximately $496 million from the sale of the notes to repay outstanding indebtedness under its credit facilities. Accordingly, certain short-term borrowings have been reclassified as long-term.

(f) In June 1998, the Financial Accounting Standards Board issued Statement No. 133, "Accounting for Derivative Instruments and Hedging Activities" ("SFAS No. 133"), which sets out the required accounting treatment for derivatives and hedging activities. In June 1999, the Financial Accounting Standards Board issued Statement No. 137, "Accounting for Derivative Instruments and Hedging Activities - Deferral of the Effective Date of FASB Statement No. 133", which delays implementation of SFAS No. 133 until fiscal years beginning after June 15, 2000. In June 2000, the Financial Accounting Standards Board issued Statement No. 138, "Accounting for Certain Derivative Instruments and Certain Hedging Activities", which provides additional guidance related to accounting for derivative instruments and hedging activities as addressed by SFAS No. 133. The Company does not believe that the effect of adopting SFAS No. 133 and SFAS No. 138 will be material to its financial condition or results of operations.

Item 2

THE INTERPUBLIC GROUP OF COMPANIES, INC. AND ITS SUBSIDIARIES
MANAGEMENT'S DISCUSSION AND ANALYSIS OF
FINANCIAL CONDITION AND RESULTS OF OPERATIONS

RESULTS OF OPERATIONS

As discussed in Note (b), the Company acquired Deutsch in a transaction accounted for as a pooling of interests. Deutsch is a full service advertising agency servicing a broad range of clients. The Company's consolidated financial statements and other financial information for prior periods have been restated to reflect the effect of the Deutsch pooling.

In April 2000, the Company acquired NFO Worldwide, Inc. ("NFO") in a transaction accounted for as a pooling of interest. Results of NFO and several other recent acquisitions, all of which have been accounted for as poolings of interests have been included in previously restated financial statements. The following discussion relates to the combined results of the Company after giving effect to all of the pooled companies.

Three Months Ended September 30, 2000 Compared to Three Months Ended September 30, 1999

The Company reported net income of $70.1 million or $.22 diluted earnings per share for the three months ended September 30, 2000. Excluding the impact of restructuring and other merger related costs, which are discussed below, net income was $87.2 million or $.28 diluted earnings per share, compared to $71.6 million or $.23 diluted earnings per share for the three months ended September 30, 1999.

The following table sets forth net income and earnings per share before and after restructuring and other merger related costs:

(Dollars in thousands, except per share data)

	2000	1999
Net income as reported	$ 70,078	$ 71,612
Earnings per share:		
Basic	.23	.24
Diluted	.22	.23
Net income before restructuring and other merger related costs	$ 87,243	$ 71,612
Earnings per share:		
Basic	.29	.24
Diluted	.28	.23

Worldwide revenue for the three months ended September 30, 2000 increased $180 million, or 15%, to $1.4 billion compared to the same period in 1999. Domestic revenue increased $153 million or 25% from 1999 levels. International revenue increased $27 million or 5% during the third quarter of 2000 compared to 1999. International revenue would have increased 18%, excluding the effect of the strengthening of the U.S. dollar. The increase in worldwide revenue is a result of both new business growth and growth from acquisitions. Organic revenue growth, exclusive of acquisitions and currency effects, was 15% for the third quarter of 2000 compared to the prior year quarter.

Revenue from specialized marketing communications services, which include media buying, market research, sales promotion, direct marketing, public relations, sports and event marketing, healthcare marketing and e-business consulting and communications, comprised approximately 48% of the total worldwide revenue for the three months ended September 30, 2000, compared to 45% for the prior year quarter.

Income from operations was $147 million for the third quarter of 2000. Excluding restructuring and other merger related costs, income from operations was $175 million for the third quarter of 2000, compared to $135 million for the third quarter of 1999, an increase of 30%. Exclusive of acquisitions, currency effects, and amortization of intangible assets, income from operations increased 24% for the third quarter of 2000 compared to the third quarter of 1999.

Worldwide operating expenses for the third quarter 2000, excluding restructuring and other merger related costs were $1.2 billion, an increase of 14% over the prior year quarter. Salaries and related expenses were $768 million or 57% of revenue for the third quarter of 2000 as compared to $671 million or 57% of revenue for the third quarter of 1999. Office and general expenses were $381 million for the third quarter of 2000 compared to $346 million for the third quarter of 1999.

Interest expense was $32 million for the three months ended September 30, 2000, compared to $22 million for the prior year quarter. The increase is primarily a result of higher debt levels and higher interest rates in 2000.

Other income, net, which consists of interest income, investment income and net gains from equity investments, increased slightly to $17 million for the third quarter of 2000 as compared to $15 million for the third quarter of 1999.

The effective tax rate for the three months ended September 30, 2000 was 40.5%, compared to 40.8% in 1999. The difference between the effective and statutory rates is primarily due to state and local taxes, foreign withholding taxes on dividends and nondeductible goodwill expense.

Nine Months Ended September 30, 2000 Compared to Nine Months Ended September 30, 1999

Net income was $255 million or $.82 diluted earnings per share for the nine months ended September 30, 2000. Excluding the impact of restructuring and other merger related costs, which are discussed below, net income was $328.4 million or $1.05 diluted earnings per share, compared to $275.4 million or $.89 diluted earnings per share for the nine months ended September 30, 1999.

The following table sets forth net income and earnings per share before and after restructuring and other merger related costs:

(Dollars in thousands, except per share data)	2000	1999
Net income as reported	$255,474	$275,410
Earnings per share:		
Basic	.85	.92
Diluted	.82	.89
Net income before restructuring and other merger related costs	$328,409	$275,410
Earnings per share:		
Basic	1.09	.92
Diluted	1.05	.89

Worldwide revenue for the nine months ended September 30, 2000, increased $565 million, or 16%, to $4.0 billion compared to the same period in 1999. Domestic revenue increased $438 million or 24% during the first nine months of 2000 compared to 1999. International revenue increased $126 million or 8% during the first nine months of 2000 compared to 1999. International revenue would have increased 16%, excluding the effect of the strengthening of the U.S. dollar. The increase in worldwide revenue is a result of both new business growth and growth from acquisitions. Organic revenue growth, exclusive of acquisitions and currency effects, was 14% for the first nine months of 2000 compared to the prior year period.

Revenue from specialized marketing communications services, which include media buying, market research, promotion sales, direct marketing, public relations, sports and event marketing, healthcare marketing and e-business consulting and communications, comprised approximately 46% of the total worldwide revenue for the nine months ended September 30, 2000, compared to 44% for the first nine months of 1999.

Income from operations was $475 million for the nine months ended September 30, 2000. Excluding restructuring and other merger related costs, income from operations was $591 million for the first nine months of 2000, compared to $483 million for the first nine months of 1999, an increase of 22%. Exclusive of acquisitions, currency effects and amortization of intangible assets, income from operations increased 19% for the first nine months of 2000 compared to the first nine months of 1999.

Worldwide operating expenses for the nine months ended September 30, 2000, excluding restructuring and other merger related costs were $3.4 billion, an increase of 15% over the prior year period. Salaries and related expenses were $2.2 billion or 55% of revenue for the first nine months of 2000 as compared to $1.9 billion or 55% of revenue for the first nine months of 1999. Office and general expenses were $1.1 billion for the first nine months of 2000 compared to $1.0 billion for the first nine months of 1999.

Interest expense was $74.8 million for the nine months ended September 30, 2000, compared to $59.8 million for the prior year. The increase is primarily a result of higher debt levels and higher interest rates in 2000.

Other income, net, which consists of interest income, investment income and net gains from equity investments, was $63.0 million for the nine months ended September 30, 2000, as compared to $57.2 million for the nine months ended September 30, 1999, an increase of 10%.

The effective tax rate for the nine months ended September 30, 2000 was 41.1%, compared to 40.0% in 1999. The difference between the effective and statutory rates is primarily due to state and local taxes, foreign withholding taxes on dividends and nondeductible goodwill expense.

Restructuring and Other Merger Related Costs

During the third quarter, the Company recorded pre-tax restructuring and other merger related costs of $27.3 million ($17.2 million net of tax). For the nine months ended September 30, 2000, the Company recorded pre-tax restructuring and other merger related costs of $116.1 million ($72.9 million net of tax). Of the total pre-tax restructuring and other merger related costs, cash charges represented $14.8 million and $84 million for the three months and nine months ended September 30, 2000, respectively. The key components of the charge were the costs associated with the restructuring of Lowe Lintas & Partners Worldwide. The remaining costs relate principally to transaction and merger related costs arising from the previously announced merger with NFO.

Lowe Lintas & Partners
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In October 1999, the Company announced the merger of two of its advertising networks. The networks affected, Lowe & Partners Worldwide and Ammirati Puris Lintas, were combined to form a new agency network called Lowe Lintas & Partners Worldwide. The merger involved the consolidation of operations in Lowe Lintas agencies in approximately 24 cities in 22 countries around the world. The newly merged agency network has offices in over 80 countries around the world. As of September 30,2000, all restructuring activities have been completed.

The restructuring and other merger related costs for Lowe Lintas included $31 million in severance and termination costs, $14.2 million in fixed asset write-offs, $21.1 million in lease termination costs and $21.5 million in investment write-offs and other costs.

The severance and termination costs recorded 2000 relate to approximately 360 employees who have been terminated or notified that they will be terminated. The employee groups affected include management, administrative, account management, creative and media production personnel, principally in the U.S. and several European countries.

The fixed asset write-offs relate largely to the abandonment of leasehold improvements as part of the merger. The amount recognized in 2000 relates to fixed asset write-offs in 4 offices, the largest of which is in the U.K. Lease termination costs relate to the offices vacated as part of the merger.

The investment write-offs relate to the loss on sale or closing of certain business units. In 2000, $12.7 million of investment write-offs has been recorded, the majority of which results from the decision to sell or abandon 3 businesses located in Asia and Europe.

NFO and Other Merger Related Costs

In addition to the restructuring and other merger related costs noted above, additional charges, substantially all of which were cash costs, were recorded through September 30, 2000. These costs relate principally to the non-recurring transaction and other merger related costs arising from the recently completed acquisition of NFO. (See Note (b)).

LIQUIDITY AND CAPITAL RESOURCES

The ratio of current assets to current liabilities was approximately 1 to 1 at September 30, 2000. Working capital increased by $14 million from December 31, 1999 to September 30, 2000. Total debt at September 30, 2000 was $2.1 billion, an increase of $792 million from December 31, 1999. The increase in debt is primarily attributable to the net effect of payments made for acquisitions and other investments. Cash flow from operations and availability under existing credit facilities will be the Company's primary source of working capital.

On June 27, 2000, the Company entered into a syndicated multi-currency credit agreement under which a total of $750 million may be borrowed; $375 million may be borrowed under a 364-day facility and $375 million under a five-year facility. The facilities bear interest at variable rates based on either LIBOR or a bank's base rates, at the Company's option. As of September 30, 2000, approximately $534 million had been borrowed under the facilities. The weighted-average interest rate on the borrowings at September 30, 2000 was 6.4%. The proceeds from the syndicated credit agreement were used to refinance borrowings and for general corporate purposes including acquisitions and other investments. Some of the pre-existing borrowing facilities were subsequently terminated.

On August 25, 2000, the Company entered into a revolving credit facility under which up to $250 million may be borrowed. The facility expires on November 30, 2000, and bears interest at variable rates based on either LIBOR, a bank's base rates or money market rates, at the Company's option. The Company used the proceeds to refinance borrowings and for general corporate purposes, including acquisitions and other investments.

On October 20, 2000, the Company completed the issuance and sale of $500 million principal amount of senior unsecured notes due 2005. The notes bear an interest rate of 7.875% per annum. The Company used the net proceeds of approximately $496 million from the sale of the notes to repay outstanding indebtedness under its credit facilities. Accordingly, certain short-term borrowings have been reclassified as long-term.

Net cash used in operating activities was $158 million for the nine months ended September 30, 2000. Net cash provided by operations was $82 million for the nine months ended September 30, 1999. The principal use of the Company's working capital is to provide for the operating needs of its advertising agencies, which include payments for space or time purchased from various media on behalf of its clients. The Company's practice is to bill and collect from its clients in sufficient time to pay the amounts due media. Other uses of working capital include the payment of cash dividends, acquisitions and capital expenditures. In addition, during the first nine months of 2000, the Company acquired 3.5 million shares of its own stock for the purpose of fulfilling the Company's obligations under its various compensation plans.

OTHER MATTERS

Acquisitions

In connection with the NFO acquisition completed on April 20, 2000, the Company assumed approximately $180 million in debt. Additionally, the Company has made several other acquisitions, including Nationwide Advertising Services, Waylon Promotions, Inc. and substantial assets of the Communications Division of Caribiner International, Inc. The acquisitions have been accounted for as purchases.

Cautionary Statement

This Report on Form 8-K (the "Report"), including Management's Discussion and Analysis of Financial Condition and Results of Operations contains forward-looking statements. Statements that are not historical facts, including statements about Interpublic's beliefs and expectations, are forward-looking statements. These statements are based on current plans, expectations, estimates and projections, and therefore you should not place undue reliance on them. Forward-looking statements speak only as of the date they are made, and Interpublic undertakes no obligation to update publicly any of them in light of new information, future events or otherwise.

Forward-looking statements involve inherent risks and uncertainties. Interpublic cautions you that a number of important factors could cause actual results to differ materially from those contained in any forward-looking statement. Such factors include, but are not limited to, those associated with the effect of national and regional economic conditions, the ability of Interpublic to attract new clients and retain existing clients, the financial success and other developments of the clients of Interpublic, developments from changes in the regulatory and legal environment for advertising companies around the world, Interpublic's ability to effectively integrate recent acquisitions and Interpublic's ability to attract and retain key management personnel.

New Accounting Guidance

In June 1998, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 133, "Accounting for Derivative Instruments and Hedging Activities" (SFAS No. 133), which had an initial adoption date of January 1, 2000. In June 1999, the FASB postponed the adoption date of SFAS No. 133 until January 1, 2001. In June 2000, the FASB issued SFAS No. 138 which provides additional guidance on SFAS No. 133. The Company does not believe the effect of adopting SFAS No. 133 and SFAS No. 138 will be material to its financial condition or results of operations.

Conversion to the Euro

On January 1, 1999, certain member countries of the European Union established fixed conversion rates between their existing currencies and the European Union's common currency (the "Euro"). The Company conducts business in member countries. The transition period for the introduction of the Euro is between January 1, 1999, and June 30, 2002. The Company is addressing the issues involved with the introduction of the Euro. The major important issues facing the Company include: converting information technology systems; reassessing currency risk; negotiating and amending contracts; and processing tax and accounting records.

Based upon progress to date, the Company believes that use of the Euro will not have a significant impact on the manner in which it conducts its business affairs and processes its business and accounting records. Accordingly, conversion to the Euro has not, and is not expected to have a material effect on the Company's financial condition or results of operations.

Item 3. Quantitative and Qualitative Disclosures about Market Risk

The Company's financial market risk arises from fluctuations in interest rates and foreign currencies. Most of the Company's debt obligations are at fixed interest rates. A 10% change in market interest rates would not have a material effect on the Company's pre-tax earnings, cash flows or fair value. At September 30, 2000, the Company had an insignificant amount of foreign currency derivative financial instruments in place. The Company does not hold any financial instrument for trading purposes.

THE INTERPUBLIC GROUP OF COMPANIES, INC.
COMPUTATION OF EARNINGS PER SHARE
(Dollars in Thousands Except Per Share Data)
Year Ended December 31

	1999	1998	1997	1996	1995
BASIC:					
Net income	$331,287	$339,907	$224,184	$228,914	$145,975
Weighted average number of common shares outstanding	297,992,048	294,755,783	283,795,670	284,219,045	278,303,418
Net income per share - Basic	$1.11	$1.15	$ .79	$ .81	$ .52
DILUTED:					
Net income	$331,287	$339,907	$224,184	$228,914	$145,975
After tax interest savings on assumed conversion of subordinated debentures(1)(2)	--	--	5,929	6,410	--
Add: Dividends paid net of related income tax applicable to the Restricted Stock Plan	631	541	447	384	461
Net income, as adjusted	$331,918	$340,448	$230,560	$235,708	$146,436
Weighted average number of common shares outstanding	297,992,048	294,755,783	283,795,670	284,219,933	278,303,418
Assumed conversion of subordinated debentures(1)(2)	--	--	8,020,582	8,933,004	--
Weighted average number of incremental shares in connection with assumed exercise of stock options	7,310,525	6,923,813	6,508,296	4,438,746	3,843,846
Weighted average number of incremental shares in connection with the Restricted Stock Plan	3,536,805	3,453,838	3,277,294	3,211,128	4,160,134
Total	308,839,378	305,133,434	301,601,842	300,802,811	286,307,398
Diluted Earnings Per Share Data:					
Net Income	$1.07	$1.12	$ .76	$ .78	$ .51

All share data for prior periods have been adjusted the two-for-one stock split effective July 15, 1999.

- -----------------
[FN]

(1) The computation of diluted EPS for 1999 excludes the assumed conversion of the 1.87% and 1.80% Convertible Subordinated Notes due 2006 and 2004, respectively, because they were antidilutive.

(2) The computation of diluted EPS for 1998 and 1997 excludes the assumed conversion of the 1.80% Convertible Subordinated Notes due 2004 because they were antidilutive. Similarly, the computation of diluted EPS for 1995 excludes the assumed conversion of the 3 3/4% Convertible Subordinated Debentures due 2002 as they were antidilutive.

THE INTERPUBLIC GROUP OF COMPANIES, INC. AND ITS SUBSIDIARIES
COMPUTATION OF EARNINGS PER SHARE
(Amounts in Thousands Except Per Share Data)

Basic	Three Months Ended September 30 2000	1999
Net income	$ 70,078	$ 71,612
Weighted average number of common shares outstanding	305,929	298,688
Earnings per common share	$ .23	$ .24

Diluted	Three Months Ended September 30 2000	1999
Net income	$ 70,078	$ 71,612

Add:		
After tax savings on assumed conversion of subordinated debentures and notes	--	--
Dividends paid net of related income tax applicable to restricted stock	183	163
Net income, as adjusted	$ 70,261	$ 71,775
Weighted average number of common shares outstanding	305,929	298,688
Weighted average number of incremental shares in connection with restricted stock and assumed exercise of stock options	9,029	10,610
Assumed conversion of subordinated debentures and notes	--	--
Weighted average common and common equivalent share	314,958	309,298
Earnings per common and common equivalent share	$ .22	$ .23

Note: The computation of diluted EPS for 2000 and 1999 excludes the assumed conversion of the 1.87% and 1.8% Convertible Subordinated Notes because they were anti-dilutive.

THE INTERPUBLIC GROUP OF COMPANIES, INC. AND ITS SUBSIDIARIES
COMPUTATION OF EARNINGS PER SHARE
(Amounts in Thousands Except Per Share Data)

	Nine Months Ended September 30	
Basic	2000	1999
Net income	$ 255,474	$ 275,410
Weighted average number of common shares outstanding	302,038	297,757
Earnings per common share	$ .85	$ .92

	Nine Months Ended September 30	
Diluted	2000	1999
Net income	$ 255,474	$ 275,410
Add:		
After tax interest savings on assumed conversion of subordinated debentures and notes	--	5,862
Dividends paid net of related income tax applicable to restricted stock	518	466
Net income, as adjusted	$ 255,992	$ 281,738
Weighted average number of common shares outstanding	302,038	297,757
Weighted average number of incremental shares in connection with restricted stock and assumed exercise of stock options	9,825	10,765
Assumed conversion of subordinated debentures and notes	--	6,693
Weighted average common and common equivalent share	311,863	315,215
Earnings per common and common equivalent share	$ .82	$ .89

Note: The computation of diluted EPS for 2000 excludes the assumed conversion of the 1.87% and 1.8% Convertible Subordinated Notes and for 1999 excludes the assumed conversion of the 1.87% Convertible Subordinated Notes, respectively, because they were anti-dilutive.

REPORT OF INDEPENDENT ACCOUNTANTS ON SUPPLEMENTAL CONSOLIDATED FINANCIAL STATEMENT SCHEDULE

To the Board of Directors and Stockholders of
The Interpublic Group of Companies, Inc.

Our audits of the Supplemental Consolidated Financial Statements referred to in our report dated February 22, 2000 except for Note 15 which is as of July 13,

2000 and Note 16 which is as of December 22, 2000, which appears in this Current Report on Form 8-K also included an audit of the Supplemental Consolidated Financial Statement Schedule listed in Item 7 of this Form 8-K. In our opinion, this Supplemental Consolidated Financial Statement Schedule presents fairly, in all material respects, the information set forth therein when read in conjunction with the related Supplemental Consolidated Financial Statements.

PricewaterhouseCoopers LLP
New York, New York

February 22, 2000 except for Note 15 which is as of July 13, 2000 and Note 16 which is as of December 22, 2000

CONSENT OF INDEPENDENT ACCOUNTANTS

We hereby consent to the incorporation by reference in the Registration Statements on Form S-8 of The Interpublic Group of Companies, Inc. (the "Company"), of our report dated February 22, 2000, except for Note 15, which is

as of July 13, 2000 and Note 16 which is as of December 22, 2000 which appears in this Current Report on Form 8-K; Registration Statements on Form S-8 No. 2-79071; No. 2-43811; No. 2-56269; No. 2-61346; No. 2-64338; No. 2-67560; No. 2-72093; No. 2-88165; No. 2-90878; No. 2-97440; and No. 33-28143, relating to the Stock Option Plan (1971), the Stock Option Plan (1981), the Stock Option Plan (1988) and the Achievement Stock Award Plan of the Company; Registration Statements on Form 8-S No. 2-53544; No. 2-91564; No. 2-98324; No. 33-22008; No. 33-64062; and No. 33-61371, relating to the Employee Stock Purchase Plan (1975), the Employee Stock Purchase Plan (1985) and the Employee Stock Purchase Plan of the Company (1995); Registration Statements on Form S-8 No. 33-20291 and No. 33-2830 relating to the Management Incentive Compensation Plan of the Company; Registration Statements on Form S-8 No. 33-5352; No. 33-21605; No. 333-4747; and No. 333-23603 relating to the 1986 Stock Incentive Plan, the 1986 United Kingdom Stock Option Plan and the 1996 Stock Incentive Plan of the Company; Registration Statements No. 33-10087 and No. 33-25555 relating to the Long-Term Performance Incentive Plan of the Company; Registration Statement on Form 8-S No. 333-28029 relating to The Interpublic Outside Directors' Stock Incentive Plan of the Company; and Registration Statement No. 33-42675 relating to the 1997 Performance Incentive Plan of the Company. We also consent to the incorporation by reference of our report on the Supplemental Consolidated Financial Statement Schedule, which appears in this Current Report on Form 8-K.

PricewaterhouseCoopers LLP
New York, New York

January 5, 2001

CONSENT OF INDEPENDENT ACCOUNTANTS

As independent public accountants, we hereby consent to the incorporation by reference in the Registration Statements on Form S-8 of The Interpublic Group of

Companies, Inc. (the "Company"), of our reports dated February 25, 2000, with respect to the consolidated financial statements of NFO Worldwide, Inc. and subsidiaries as of December 31, 1999 and 1998, and for each of the years in the three-year period ended December 31, 1999, which appears in this Current Report on Form 8-K: Registration Statements No. 2-79071; No. 2-43811; No. 2-56269; No. 2-61346; No. 2-64338; No. 2-67560; No. 2-72093; No. 2-88165; No. 2-90878; No. 2-97440 and No. 33-28143, relating variously to the Stock Option Plan (1971), the Stock Option Plan (1981), the Stock Option Plan (1988) and the Achievement Stock Award Plan of the Company; Registration Statements No. 2-53544; No. 2-91564; No. 2-98324; No. 33-22008; No. 33-64062 and No. 33-61371, relating variously to the Employee Stock Purchase Plan (1975), the Employee Stock Purchase Plan (1985) and the Employee Stock Purchase Plan of the Company (1995); Registration Statements No. 33-20291 and No. 33-2830 relating to the Management Incentive Compensation Plan of the Company; Registration Statements No. 33-5352; No. 33-21605; No. 333-4747 and No. 333-23603 relating to the 1986 Stock Incentive Plan, the 1986 United Kingdom Stock Option Plan and the 1996 Stock Incentive Plan, of the Company; Registration Statements No. 33-10087 and No. 33-25555 relating to the Long-Term Performance Incentive Plan of the Company; Registration Statement No. 333-28029 relating to The Interpublic Outside Directors' Stock Incentive Plan of the Company; and Registration Statement No. 33-42675 relating to the 1997 Performance Incentive Plan of the Company. It should be noted that we have not audited any financial statements of NFO Worldwide, Inc. subsequent to December 31, 1999 or performed any audit procedures subsequent to the date of our report.

Arthur Andersen LLP
New York, New York

January 5, 2001

CONSENT OF INDEPENDENT AUDITORS

We consent to the incorporation by reference in the following Registration Statements on Form S-8 of The Interpublic Group of Companies, Inc. ("IPG" or the "Company"), of our report dated February 23, 1998, included in this Current Report on Form 8-K, with respect to the consolidated financial statements of the MBL Group PLC for the year ended December 31, 1997, which statements are included in the supplemental consolidated financial statements of IPG,: Registration Statements No. 2-79071; No. 2-43811; No. 2-56269; No. 2-61346; No. 2-64338; No. 2-67560; No. 2-72093; No. 2-88165; No. 2-90878; No. 2-97440 and No. 33-28143, relating variously to the Stock Option Plan (1971), the Stock Option Plan (1981), the Stock Option Plan (1988) and the Achievement Stock Award Plan, of the Company; Registration Statements No. 2-53544; No. 2-91564; No. 2-98324; No. 33-22008; No. 33-64062 and No. 33-61371, relating variously to the Employee Stock Purchase Plan (1975), the Employee Stock Purchase Plan (1985) and the Employee Stock Purchase Plan, of the Company (1995); Registration Statements No. 33-20291 and No. 33-2830 relating to the Management Incentive Compensation Plan, of the Company; Registration Statements No. 33-5352; No. 33-21605; No. 333-4747 and No. 333-23603 relating to the 1986 Stock Incentive Plan, the 1986 United Kingdom Stock Option Plan and the 1996 Stock Incentive Plan, of the Company; Registration Statements No. 33-10087 and No. 33-25555 relating to the Long-Term Performance Incentive Plan, of the Company; Registration Statement No. 333-28029 relating to The Interpublic Outside Directors' Stock Incentive Plan, of the Company; and Registration Statement No. 33-42675 relating to the 1997 Performance Incentive Plan, of the Company.

Soteriou Banerji
London, England

January 5, 2001

CONSENT OF INDEPENDENT AUDITORS

We consent to the incorporation by reference in the following Registration Statements on Form S-8 of the Interpublic Group of Companies, Inc. ("IPG" or the "Company") of our report dated February 3, 1999, which appears in this Current Report on Form 8-K with respect to the consolidated statements of operations, stockholders' equity (deficit) and cash flows of International Public Relations plc and subsidiaries for the fourteen-month period ended December 31, 1997 (not separately presented) which statements are included in the consolidated financial statements of IPG in its Annual Report on Form 10-K for the year ended December 31, 1999; Registration Statements No. 2-79071, 2-43811, 2-56269, 2-61346, 2-64338, 2-67560, 2-72093, 2-88165, 2-90878, 2-97440 and 33-28143 relating variously to the Stock Option Plan (1971), the Stock Option Plan (1981), the Stock Option Plan (1988) and the Achievement Stock Award Plan of The Company, Registration Statements No. 2-53544, 2-91564, 2-98324, 33-22008, 33-64062, and 33-61371 relating variously to the Employee Stock Purchase Plan (1975), the Employee Stock Purchase Plan (1985) and the Employee Stock Purchase Plan (1995) of The Company, Registration Statements No. 33-20291 and 33-2830 relating to the Management Incentive Compensation Plan of The Company, Registration Statements No. 33-5352, 33-21605, 333-4747 and 333-23603 relating to the 1986 Stock Incentive Plan, the 1986 United Kingdom Stock Option Plan and the 1996 Stock Incentive Plan, of The Company, Registration Statements No. 33-10087 and No. 33-25555 relating to the Long-Term Performance Incentive Plan of The Company, Inc., Registration Statement No. 333-28029 relating to The Interpublic Outside Directors' Stock Incentive Plan of The Company, and Registration Statement No. 33-42675 relating to the 1997 Performance Incentive Plan of The Company.

Ernst & Young
London, England

January 5, 2001

CONSENT OF INDEPENDENT AUDITORS

We consent to the incorporation by reference in the following Registration Statements on Form S-8 of The Interpublic Group of Companies, Inc. ("IPG" or the "Company"), of our report dated March 13, 1998, with respect to the consolidated statements of operations, stockholders' equity (deficit) and cash flows of Hill, Holliday, Connors, Cosmopulos, Inc. for the twelve-month period ended December 31, 1997 (not presented separately herein), included in this Current Report of the Company on Form 8-K filed with the Securities and Exchange Commission: Registration Statements No. 2-79071; No. 2-43811; No. 2-56269; No. 2-61346; No. 2-64338; No. 2-67560; No. 2-72093; No. 2-88165; No. 2-90878; No. 2-97440 and No. 33-28143, relating variously to the Stock Option Plan (1971), the Stock Option Plan (1981), the Stock Option Plan (1988) and the Achievement Stock Award Plan of the Company; Registration Statements No. 2-53544; No. 2-91564; No. 2-98324; No. 33-22008; No. 33-64062 and No. 33-61371, relating variously to the Employee Stock Purchase Plan (1975), the Employee Stock Purchase Plan (1985) and the Employee Stock Purchase Plan (1995) of the Company; Registration Statements No. 33-20291 and No. 33-2830 relating to the Management Incentive Compensation Plan of the Company; Registration Statements No. 33-5352; No. 33-21605; No. 333-4747 and No. 333-23603 relating to the 1986 Stock Incentive Plan, the 1986 United Kingdom Stock Option Plan and the 1996 Stock Incentive Plan of the Company; Registration Statements No. 33-10087 and No. 33-25555 relating to the Long-Term Performance Incentive Plan of the Company; Registration Statement No. 333-28029 relating to The Interpublic Outside Directors' Stock Incentive Plan of the Company; and Registration Statement No. 33-42675 relating to the 1997 Performance Incentive Plan of the Company.

Ernst & Young LLP

Boston, Massachusetts
January 5, 2001

Consent of Independent Public Accountants

We consent to the incorporation by reference in the Registration Statements on Form S-8 of The Interpublic Group of Companies, Inc. (the "Company"), of our report dated November 28, 2000, which appears in this Current Report on Form 8-K; Registration Statements No. 2-79071; No. 2-43811; No. 2-56269; No. 2-61346; No. 2-64338; No. 2-67560; No. 2-72093; No. 2-88165; No. 2-90878; No. 2-97440; and No. 33-28143, relating variously to the Stock Option Plan (1971), the Stock Option Plan (1981), the Stock Option Plan (1988) and the Achievement Stock Award Plan of the Company; Registration Statements No. 2-53544; No. 2-91564; No. 2-98324; No. 33-22008; No. 33-64062; and No. 33-61371, relating variously to the Employee Stock Purchase Plan (1975), the Employee Stock Purchase Plan (1985) and the Employee Stock Purchase Plan of the Company (1995); Registration Statements No. 33-20291 and No. 33-2830 relating to the Management Incentive Compensation Plan of the Company; Registration Statements No. 33-5352; No. 33-21605; No. 333-4747; and No. 333-23603 relating to the 1986 Stock Incentive Plan, the 1986 United Kingdom Stock Option Plan and the 1996 Stock Incentive Plan of the Company; Registration Statements No. 33-10087 and No. 33-25555 relating to the Long-Term Performance Incentive Plan of the Company; Registration Statement No. 333-28029 relating to The Interpublic Outside Directors' Stock Incentive Plan of the Company; Registration Statement No. 33-42675 relating to the 1997 Performance Incentive Plan of the Company.

J.H. Cohn LLP
Roseland, New Jersey
January 5, 2001

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THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM THE BALANCE SHEET AND THE INCOME STATEMENT AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS. THE EPS PRIMARY NUMBER BELOW REFLECTS THE BASIC EARNINGS PER SHARE AS REQUIRED BY FINANCIAL ACCOUNTING STANDARDS NUMBER 128.

1,000

9-MOS	9-MOS
DEC-31-2000	DEC-31-1999
SEP-30-2000	SEP-30-1999
587,916	798,631
42,893	46,408
4,511,988	4,099,844
68,536	47,871
0	0
5,727,837	5,479,306
1,007,478	899,499
556,058	463,623
9,659,515	8,286,030
5,542,705	5,105,687
529,375	514,940
0	0
0	0
31,899	31,479
1,845,937	1,539,599
9,659,515	8,286,030
0	0
4,024,984	3,460,376
0	0
3,549,912	2,977,213
0	0
0	0
74,835	59,780
463,198	480,631
190,245	192,268
255,474	275,410
0	0
0	0
0	0
255,474	275,410
85	.92
.82	.89

5

THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM THE BALANCE SHEET AND THE INCOME STATEMENT AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS. THE EPS PRIMARY NUMBER BELOW REFLECTS THE BASIC EARNINGS PER SHARE AS REQUIRED BY FINANCIAL ACCOUNTING STANDARDS NUMBER 128.

1,000

12-MOS	12-MOS	12-MOS
DEC-31-1999	DEC-31-1998	DEC-31-1997
DEC-31-1999	DEC-31-1998	DEC-31-1997
1,029,076	801,207	757,652
36,765	31,733	31,944
4,502,794	3,715,136	3,219,752
60,565	54,060	44,581
0	0	0
5,992,924	4,950,397	4,346,106
948,376	859,296	717,598
506,975	440,191	379,651
9,247,044	7,526,563	6,254,577
5,821,948	4,853,516	4,101,745
518,490	207,927	201,768
0	0	0
0	0	0
31,592	30,995	30,564
1,732,872	1,399,436	1,129,202
9,247,044	7,526,563	6,254,577
0	0	0
4,977,823	4,218,657	3,610,706
0	0	0
4,399,327	3,646,061	3,227,793
0	0	0
0	0	0
81,341	64,296	59,820
600,717	606,855	440,243
243,971	245,636	197,665
331,287	339,907	224,184
0	0	0
0	0	0
0	0	0
331,287	339,907	224,184
1.11	1.15	0.79
1.07	1.12	0.76